

## Living Well on Less

### *A lesson in finance from my personal trainer*

I always had it in the back of my mind that when my younger daughter went to kindergarten, I was going to get a personal trainer. I figured now that the baby was five and a half years old, I could no longer continue to claim that my extra flab was post-pregnancy related. When the day came, I sent my little dear out the door and headed off to the local gym.

I was expecting to walk in there, do a few leg presses, a few crunches, maybe a lunge or two, and walk out looking like I was 18 again. So I was pretty disappointed when I made a total fool of myself flopping around on

the stability ball, leg pressed until my thighs burned, did about 75 lunges, and walked out looking exactly the same as when I went in, except I was a lot sweatier and my hair was a wreck.

“This really sucks,” I thought, as I threw myself down on the couch to recover the minute I got home, and it did. That night I woke up repeatedly with the feeling that someone was trying to rip my arms off, and the next day I could barely move. But what sucked even more was my realization that this was not going to be quick, and it was not going to be easy. There is no miracle cure for cellulite. I realized the first step was to face that reality, meet it head on, and then continue my journey.

Obviously, you’re reading this book because you want to improve yourself financially. It’s my job to help you do that, and the first step is exactly the same as the one just mentioned: a little dose of reality. There is no miracle cure for your finances. There is no quick, easy way to get rich. I’m not going to promise that you can read this book and become a double-digit millionaire, just like my trainer couldn’t promise that I’d leave the gym with six-pack abs, but that’s okay. The good news is that with persistence and effort, you can achieve your financial goals.

The other day a friend of mine was going through some of her old memorabilia and came across some pictures of our children when they graduated from preschool together. She scanned a picture of my older daughter and sent it to me along with a quote of what my daughter said

she had learned in preschool: “Don’t pull people if they don’t want to go.”

I don’t want to pull you down your financial path kicking and screaming. I want you to walk with me. I don’t want to lecture you or make you feel guilty. I want you to have a successful financial future, not because I’m telling you to, but because you want to. I don’t want you to abstain from spending but rather to do so responsibly by putting more of your money into things that are going to help you build wealth. The choice is yours. You can either come up with all kinds of reasons why you can’t make changes to your finances, or you can come up with all kinds of reasons why you will make changes to your finances.

I’m a big believer in the KISS principle: Keep It Simple, Stupid. However, as a southern gal, I find “Stupid” to be a little harsh. So I prefer to follow the KISH principle: Keep It Simple, Honey. In the pages that follow, you’ll find simple advice that regular people, like you and me, can use to improve our finances. Hopefully, this advice will shed some light on how you may be flushing your money down the toilet instead of funneling it into your savings or investment accounts, and how you can best use your money to build wealth. I’ve also included some “Do the Math” equations that will help illustrate the financial concepts discussed.

Your next step on this journey will be to find your frugal side, so I’ve included some “Frugal Homework” in this chapter. I want to change the way you think about money because I can promise that, if you can and then apply those

changes to the financial choices you make, you can create a secure and bright financial future for yourself. If you can change your outlook one step at a time, you'll truly change your life. So without further ado, let's get to it.

### *Find your frugal side*

When I was growing up, I can remember complaining to my dad about it being cold in the house. Truth be told, it was probably plenty warm for most people, but I've always been cold natured. "Go put a sweater on," he would tell me. Dad's always been a frugal man.

But today's society has become obsessed with excess. Frugal people are seen as dull and boring. Big spenders seem flashy and exciting. However, I think the tide is finally beginning to turn on these perceptions. And that's a good thing. It's just not fashionable to own 20 pairs of shoes that you've only worn once. It's not cool to have 30 gadgets that you never use. And if you're spending all your money on designer clothes, you're not stylish; you're silly. Now more than ever, frugality is coming into fashion, and it's hip to be thrifty. It turns out Dad was frugal before frugal was cool.

### *Do the math*

According to a *ShopSmart* magazine survey,<sup>1</sup> women are willing to spend an average of \$49 per pair of shoes and own an average of 17 pairs. That's \$833 sitting in the closet! The average person's unused gadget list might include a

Wine Aerator—\$39; FryDaddy (thank your lucky stars that you're not using this one)—\$30; Workout Equipment (just in case you decide to use the FryDaddy)—\$100. That's \$169 and probably just the tip of the iceberg on your useless gadget collection. If you owned half as many shoes and skipped the gadgets altogether, the money in your bank account would total \$585.50.

If I had to come up with one synonym for frugal, it wouldn't be "cheap"; it would be "smart." Being frugal isn't about buying the cheapest thing; it's about buying the things that are truly a good value. Let me put it to you another way. You have to start spending less, so you can have more. Many things like cars, clothes, and furniture depreciate greatly the minute you take them home. You need to think hard before spending a lot on those kinds of purchases. Look for bargains, buy used, and don't be ashamed to shop at discount stores. Put more of your money into things that are going to appreciate. For example:

- \$ Price of a solid wood coffee table and two end tables, new, purchased from a furniture store—\$299.
- \$ Price of a solid wood coffee table and two end tables, three years old, purchased on Craigslist—\$75.
- \$ Money in your bank account—\$224.

I'm amazed that some people can spend hundreds, even thousands, of dollars each month on clothes. The next time you're tempted to go on a shopping spree, remember: As soon as you wear that designer shirt once, it's worth a

fraction of what you spent on it. Kind of ironic, isn't it? You pay top dollar to a big corporation just so you can clip that tag. Not only that, but every time you wear the shirt, the corporation is getting free advertising.

I was doing some shopping at a discount store one day and happened to pick up a white cardigan for \$15. It quickly became one of my favorite sweaters, and I wore it frequently. On at least two separate occasions, I was told how cute it was. One of the women who complimented me also mentioned that she had seen it at a designer store and admired it. Obviously, she couldn't tell the difference between the discount sweater and the designer one. Designer store price: \$75. Money in my bank account: \$60.

We all like to have nice things. For me there's no substitute for a high-quality blazer—the perfect cut and quality fabric are worth every penny. But there's a limit. I'm not suggesting that you should forgo all the frills in life, but aren't a couple of nice dresses and suits enough? Do you really need 10 handbags, or would two or three be perfectly adequate? If your closet is so crammed full that you could clothe the entire neighborhood, there's a problem and it goes deeper than money. Clothing is just one example, but it demonstrates well the concern so many people have with looking good on the outside, even though they're falling apart financially behind closed doors.

Frugal people don't spend their time wishing they had more stuff. They avoid excess. In fact, they take pride in being understated with their possessions. You have to nurture that mentality within yourself. You aren't what you

own. Being secure with who you are is one of the most important factors in financial success. If you don't have self-confidence, you'll constantly be comparing yourself to others. If you're not self-assured, you leave yourself vulnerable to the "keeping up with the Joneses" mentality.

Does your financial life consist of smoke and mirrors rather than dollars and cents? Have you found yourself with a solid credit card bill instead of a solid savings account? Do others view you as well-to-do, even though you're barely squeaking by? If your answer to any of these questions is yes, you are not alone. Many people these days are living a lifestyle that can only be described as "all hat, no cattle." They're putting on a good show, but they don't really have the financial resources to be living the lifestyle they are. They've got champagne taste on a beer budget.

I guess I'm just a simple country girl, but big houses, fancy cars, and designer labels don't impress me. If you have a chalet in Aspen or a house on the waterway in Ft. Lauderdale, I'd love to come for a visit but I'll let you keep the mortgage. I can't remember the last time I drove a new car. Right now I've got an SUV with more than 135,000 miles on it, but it gets me where I need to go most of the time. And although I have been known to buy a designer purse or two, it's always at the outlet. Believe it or not, I prefer it that way.

I watched a show once about a single woman raising her two grandchildren, ages 3 and 7. She would drop them off at daycare and school each morning, go to work as a waitress and bartender all day, then go home and do homework with them in the evening. That impresses me.

If your financial life is a fake, the only one you're fooling is you. Do you want to surround yourself with people who put the most value on material possessions? I prefer those who find hard work, responsibility, and integrity to be the things of greatest importance. Financial exaggeration is usually just a thin disguise for insecurity, emptiness, and self-doubt. If you've been feeling the need to overinflate your financial standing, what you need to start doing instead is nurturing your frugal side. Maybe you need to get a new group of friends, or maybe you need to get a new budget. Flashiness fades, but broke is forever. I don't know about you, but I'd take a herd of cattle over a big hat any day.

### *Frugal homework*

Make a list of the best qualities you possess as a person. You might describe yourself as:

1. A good mother/father.
2. A loving husband/wife.
3. A competent teacher/nurse/auto mechanic.
4. Neat and clean.
5. Stylish.

Now, make a list of your most important possessions. Your list might include your:

1. House.
2. Car.

3. Jewelry.
4. Clothes.
5. Big-screen TV.

These are the physical things that are a part of your life, but they are not a part of your character. You need to see that the first list—the qualities about you that make you who you are—stands on its own. It's static, even as your list of physical possessions is dynamic. If you are neat, clean, and stylish, that doesn't change. I would put all of those qualities on my list, and I feel confident that I'm going to look just as good in a \$15 discount store sweater as I would in one that's designer. If you are neat, clean, and stylish, your home will reflect that. You don't need a house that's 4,000 square feet to show who you are. Your tidy, well-organized space can be just as enjoyable and stylish at half that size.

I have a friend who went through that exact scenario. She and her husband decided it was time to downsize. They sold their very large, customized home and bought a smaller, more standard version. I was shocked when they told me about the move. Their sprawling brick home was just gorgeous—flawlessly furnished and decorated, spotlessly maintained. It was so enjoyable to eat dinner at their house and relax on the back patio. I have to admit, I thought they were a little nuts to be giving all that up.

But as soon as I stepped into their new home for the first time, I realized I was the one who hadn't been able to see the bigger picture. Their smaller home was just as