

## 10 Ways To Save And Not Feel Deprived

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When did dining-out, facials, manicures, pedicures, personal trainers, pricey haircuts, books, magazines, CD's, I-Phones and expensive annual vacations become necessities? How did we get here?

This fee-only financial planner contemplates this question as client after client comes in with cash flow issues — agonizing over credit card statements, wondering how they can keep up with an avalanche of bills.

As a first step in my financial planning process, I ask clients to complete a detailed cash flow worksheet. This is followed by a meeting to review this document line by line.

This exercise is as exhilarating as it is agonizing — clients are relieved to finally be doing something around financial planning, but terrified that the end result will be deprivation. Everyone has his or her own “can't give this up” list.

I've learned to remain neutral as a client explains to me why they can't possibly cut out their \$400 a month Amazon habit or can't postpone the \$4,000 vacation for a couple of years. Really? Are you sure?

Lately, there are more and more cash flow challenged clients at my door, and of course, it's the economy. No longer is cash-out refinancing an option as house values plummet and equity lines of credit disappear or decrease. And, to make matters more difficult, credit card companies are lowering limits and raising interest rates. Brokerage balances are also down.

Some state employees are seeing pay cuts as high as 8%. The self-employed and freelancers lament incomes that have been slashed in half over the last year.

A spouse loses a job, two incomes are now one because of divorce, or unemployment — benefits have run out and there's no job in sight. Not exactly a pretty picture.

All of a sudden, people have to live within their means, and for many, this is the first time they've had to watch what they spend and they're not finding it easy to cut back.

As a financial planner I can assure you — our incomes are finite, there's just no way around that fact. I remind clients that recessions and hard economic times don't last forever. The good times will roll again, but in the meantime, this is a good opportunity to really tap into what makes us most happy and to learn to live within our means and make it stick.

Living within your means doesn't mean that you have to cut out all pleasure. Think of living within your means as good practice for your retirement years when you live off the money you save now. Think of it as living a sustainable lifestyle.

Here's a few spending tips for the person who doesn't want to feel deprived:

1. Suspend spending on those items you can do yourself: manicures, pedicures, highlights, gym workouts. Or, cut back on frequency.

2. Don't buy things you can borrow or trade (books, magazines, cd's).
3. Avoid temptation — stay away from your favorite shops and toss out the catalogues unopened.
4. Stop subscriptions to things you aren't reading: newspapers, magazines, online and offline.
5. Eat really well at home.
6. Bring delicious food to work for lunch.
7. Buy entertainment a la carte instead of via subscription: movies, theatre, and music events.
8. Hold onto things longer — your cell phone, computer, car, and oven.
9. Ramp down the luxury a bit — buy less expensive wines, eat at moderately priced restaurants.
10. Postpone the big vacation for a few years; enjoy smaller trips to great places.

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