

## Money and You: Live below your means, no matter what your means may be

*by Lynn O'Shaughnessy*

During much of the 1980s, I didn't have to wait until the yearly sale to buy a cute dress at Nordstrom. In my office, I was the person whom colleagues would ask for restaurant recommendations because I loved to eat out. My husband and I subscribed to Wine Spectator. Life was good.

But during the Christmas holidays in 1990, I found myself following my husband to San Diego for his better job opportunity. By the time the moving van pulled up to our house in a funky Los Angeles neighborhood, my career as a newspaper reporter had ended, as did my comfortable standard of living.

While my husband and I struggled to live on one income after I became a stay-at-home mom, I began having to make the sort of financial decisions that never would have occurred to me when I was busy sipping Grgich Hills chardonnay.

I don't know why this particular image remains with me, but I remember standing in the aisle of a grocery store wondering if I really needed to spend \$1.30 on a can of frozen grape juice. I felt even more miserable at my local bookstore when I talked myself out of buying the hardback book that I was holding. I was living frugally because I had no choice.

I'm bringing this up now because I know there are thousands upon thousands of people who are faced with the same sort of nickel-and-dime decisions that I had to make. I know firsthand that these daily sacrifices feel lousy, especially when everybody else seems to be flush with cash. Who are these people who can drop \$400 at Costco on the weekends and how come everybody else seems to already own a plasma TV?

When I look back on this period in my life, I realized that being forced into making painful financial decisions on a daily basis can ultimately be financially empowering. I can now buy any book that I want at Barnes & Noble, but I truly believe that the spending habits my husband and I were forced to adopt years ago have made us far better off financially.

In fact, I believe that if I had never left my well-paid job in Los Angeles, our net worth would be less today. Living through this period made me realize that frugality is a worthwhile pursuit, no matter how much you have in your checking account.

If you need motivation to put your spending on a diet, here are some of the strategies that work for me:

- Buy used. When I no longer enjoyed the luxury of buying everything new, I began hitting garage sales on Saturday mornings. Over the years, I probably bought thousands of kids' books - so many that I had to buy more bookcases - used ones - to deal with the overflow. My kids had wonderful clothes - OshKosh was my favorite brand - because I could buy outfits for a quarter or 50 cents. I kept my daughter, Caitlin, happy with tons of craft materials from bric-a-brac to felt to ribbon that I hauled home. And my son, Ben, who wants to be an engineer, spent countless hours playing with all the Legos, Tinker Toys and Lincoln Logs that I picked up for next to nothing.

Meanwhile, through newspaper classified ads, Craigslist.com and eBay, my husband and I have bought all sorts of stuff, including patio furniture (twice), an iPod, a dining room set (twice) and a Honda Accord with 21,000 miles on its odometer.

- Examine your cell phone plan. I'm a technologically challenged person, which could be why I am appalled at the money people spend on electronics, as well as cell phones. For years I owned a cell phone that was almost as large as a brick that I kept under my car seat for emergencies.

When I ultimately decided to get a cell phone that would fit in my pocket, I wasn't about to pay a lot for it. Instead I bought a prepaid phone from Verizon. I spend \$15 a month to put minutes on the phone and there are no other charges. All the cell phone companies have prepaid phones, but they don't advertise them because they'd rather stick people with higher-priced long-term contracts.

- Be a discriminating grocery shopper. When we were growing up, my frugal mother, who was raising a brood of five kids, would never buy butter because margarine was so much cheaper. Her aversion to butter was infuriating. Have you ever tried eating cookies made of margarine? But I've adopted my mom's determination to stretch her grocery money with my own food quirks. (I keep butter in my refrigerator, but I always get it at Costco, where it's cheaper.)

I save money at grocery stores because I know how much everything that I routinely buy costs and I aim for discounts. I won't, for instance, spend more than \$2.39 a pound for hamburger and I buy my half-gallons of skim milk in pairs because I save more than \$3 doing so. I buy prime rib only twice a year because grocery stores predictably slash the price the week before Christmas and Easter. I wait until Cheerios and Rice Krispies are on sale, which doesn't require much of a wait, before I stock up.

Nothing makes me happier than when I see that I've saved 35 percent or even 45 percent on my grocery bill, which routinely happens, even without coupons.

- Research big purchases. I believe people should devote even more energy to saving on their monster purchases, whether it's a car or a home. When we first moved to San Diego, we rented a cute house in a neighborhood I adore, but the home prices, even in 1991, were high and the neighborhood schools, in my

mind, were mediocre. What I set out to find was a neighborhood of older homes with charm that were reasonably priced and also offered great schools.

After driving around neighborhoods and spending time looking at individual school test scores at the county office of education, we found the right spot. Sixteen years later, we are still living in a house - now 62 years old - that's a five-minute walk from a quaint downtown. Our mortgage was lower than it would have been if we had bought in a pricier neighborhood, and my kids, who attended a public grade school and middle school here, received a phenomenal education that prepared them exceedingly well for high school and beyond.

What I routinely do to trim my spending won't be for everybody. But I hope that I've encouraged you to think of your own ways to stretch your money and - with any luck - live below your means. If you do, you'll have a better chance of accumulating enough money for your retirement, your children's education, getting out of debt and all the other important things in life.

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