

Practical Ways To Reduce Spending

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If your goal is to reduce spending, the best way to get started is to carefully examine your spending habits. Go back through your checkbook and credit card statements for the last three months and list every item of expense. Then, beside each item, write down whether it is a need or a want.

► **Many Expenses are Discretionary**
While everyone needs food, clothing, shelter, and transportation, there is normally considerable latitude on how much is spent in each of these areas. Most people who honestly evaluate their expenses quickly realize that much of their spending is on wants rather than needs. If you have been unable to realize your financial objectives because of excessive spending, it may be time to take action.

► **Write it Down** – The key to reducing expenses is to establish weekly or monthly spending targets in every area of discretionary expense and then keep track of actual spending. The reason many people overspend is because they don't keep track of expenses so they don't know how much they have really spent. Keeping track of expenses will help you know when you need to make different spending choices in order to stay within your budget

► **Spend Less Than You Earn** – It is best to establish a lifestyle which requires no more than 80% of what you earn. Very often, the wealthy drive older cars and live in modest homes. Many people who have expensive homes and autos are on the verge of bankruptcy because they spend all of their income and more on things they “want”.

Remember, all spending requires choices. You are in control. You can make different choices whenever you want. Carefully study the following list and make notes of things you can do to reduce outgo.

► How to Cut Expenses-

Groceries- Buy in bulk, use coupons, choose economical brands.

Phone- Use a pre-paid phone card or a cheaper long

distance service. Reduce cell phone usage. Block “900” number calls.

Utilities- Adjust the thermostat, insulate, use ceiling fans. Turn off lights. Reduce cable TV bill.

Transportation- Drive your vehicle longer. Purchase slightly used vehicles rather than new.

Meals Out- Eat at home more often. Eat out less. Take your lunch to work.

Recreation- Choose low cost or no cost activities. Most communities offer numerous options for low cost entertainment.

Vacations- Choose economical vacations. Avoid expensive hotels, souvenirs, and activities

Clothing- Avoid high cost name brands. Shop garage sales and thrift stores. Buy only during clearance sales.

Gifts- Don't go all out during holidays and birthdays. Thoughtful gifts do not have to be expensive.

Medical- Buy generic drugs when possible. Avoid optional services and procedures which are not covered by insurance unless ordered by your doctor.

Child care- Pay for this expense through a dependent care re-imbusement account if offered through your employer.

Charitable- Be generous but be reasonable. Don't give away money you really don't have to give.

Personal Care- Choose economical hair cuts. Do your own nails. Don't overdo cosmetics.

Books, DVDs, & CDs- Use the public library

Lawn Care- Cancel the lawn service. Mow your own lawn and buy your own fertilizer.

Pet Care- Choose low maintenance pets. Don't spend money you really don't have on pet care.

Dry Cleaning- Choose clothing that can be laundered at home.

Car Washes- Wash your car at home.

Expenses to Eliminate- Vending machines, alcohol, tobacco, gambling, lottery tickets, high cost vitamins and health food, massage, overdraft charges, magazine subscriptions, maid services, and impulse purchases.