

Facing Tough Economic Times with Creative Empowerment & *Joie de Vivre*

Although the investment markets and world economies have always been risky and uncertain, our perception of this uncertainty has been much stronger in the past few years. Many of us have been impacted by unemployment, under-employment, reduced income or reduced growth potential in our careers. All investors have been impacted by market volatility. There aren't many easy or certain ways to make money in today's economy.

When times are tough, it's helpful to ask yourself what you can control and what you can't. These are irreplaceable years of our lives: how can we make the most of them even when things are uncertain? When I talk with people who lived through difficult economic times in the past, their memories don't focus on the lack of money; they focus on relationships and experiences. They'll laugh about living off Top Ramen in law school or making chicken salad sandwiches for 40¢ out of one chicken during the Depression. Their stories recount the camaraderie of everyone being in the same boat and pulling together to get through it.

I love helping clients take charge of their lives with creative empowerment to create financial security. Maybe because of job loss, reduced income or just knowing that down markets create great investment opportunities for long term investors, a lot of people are looking for ways to cut back on living expenses and save or invest more without giving up the joy of living. I thought it might be inspiring to share

some successful strategies:

Whatever is measured, improves. Track your spending. Boldly look at where your money is going! This takes courage because it's scary to know how much you're spending at Starbucks, on pizza nights or work-day lunches. I was afraid to track my expenses a few years ago because I was afraid to face how much I spent on clothes. When I finally got the courage to look, to my surprise, my clothing budget seemed reasonable. What got my attention is how much I spent eating out and at Whole Foods. Those numbers were shockingly high and I realized it didn't give me much joy to spend money that way. I got a couple good cookbooks, started shopping at Trader Joe's and took up cooking home-made meals. I've saved thousands of dollars a year and we eat far better and healthier. (By the way, I highly recommend MaryAna Vollstedt's cookbooks for healthy, reliable, delicious recipes that use common ingredients you're likely to already have on hand. I attribute a lot of my love of cooking to how easy her recipes make it.)

When reviewing expenses with clients, we can usually find creative and relatively painless ways to cut expenses so there's more money for things that really matter and bring joy.

Walk to the store. A friend told me he decided a few years ago rather than drive to the grocery store, he would walk. He's reduced his gas cost by \$120/month, saved a lot of wear and tear on his car and has lost 24 pounds! In addition, he's more careful when he shops because he knows he's going to have to carry everything home.

Take in a roommate. Renting out your spare room can bring extra income and companionship. The additional income can be as much as \$600 per month (\$7200 per year). Having a new person in your home is a risk but when your personalities are compatible, it's nice to have someone at the house when you're at work or travelling. It can be a big advantage if you have pets.

Become an expert on good, low priced wines. Who doesn't love great wine? It's easy to spend \$20 or more for a nice bottle of wine but if you like a glass of wine with dinner, that adds up to a lot of money in a year. Make it a game to find good everyday wines in the \$5-10 a bottle range. Then when you do splurge on a pricier bottle, you'll find you enjoy the special wine even more.

Enter into a house exchange for your next vacation. Lodging, airfare and dining are the biggest vacation

expenses. Thanks to the internet, home exchanges are becoming a popular way to cut back on travel expenses. Plus, staying in a home instead of a hotel provides the opportunity to eat a couple meals in each day, amounting to hundreds of dollars in savings on a family vacation. A recent [Wall Street Journal article*](#) featured a couple with an ordinary home who use home exchanges to travel several months a year.

Spend money on experiences, not things. My daughter, Evietta, asked me to host a fancy dinner at a restaurant in Downtown Seattle for her 13th birthday. She invited a couple friends and her immediate family with instructions to get dressed to the nines. We did and the evening was a riot! We gave each other a hard time and laughed non-stop from the moment we arrived until we closed the place down. It was a pricey evening but worth every penny. The next day, still glowing with great memories, I had a small epiphany: I had recently spent a similar amount of money on running shoes and new clothes. As much as I liked them and needed them, they gave me nowhere near the joy the family dinner did. I realized I get a lot more joy from money spent on experiences than money spent on things.

I hope these ideas inspire you to think of things you can do to take control of your finances, live more fully and use your resources for things that matter most to you.

Do you have a strategy or insight that has helped you get through tough times? I would love to hear it. If you'd like help exploring strategies for yourself, let me know. I'm here to help.

* <http://on.wsj.com/HzuXCh>