

# the \$



Anne Bokma and her husband Jeff now enjoy more time with their daughter Ruby, as well as much less financial stress.

# 10,000 makeover

What happens when a middle-class family decides to mend its big-spending ways? Savings soar—and so does personal enjoyment

BY ANNE BOKMA

**I'VE NEVER HAD ANY DIFFICULTY EARNING A LIVING. IN FACT,** I've been gainfully employed since my first job at 12, when I picked cherries all summer for 75 cents a six-quart basket. Making money hasn't been a problem, but keeping it has been.

Money has a way of slipping through my fingers like a wet fish. Despite periodic resolutions to get a firmer grip on our household finances, my husband and I spent years without making any progress toward that goal. At least not until we found a way to save an extra \$10,000 a year out of our take-home household income without dramatically changing our family's standard of living.

Before we developed our new approach to saving, we pretty much spent all of our \$100,000-plus household income every year. Our only two fiscally responsible moves were putting a few hundred dollars toward RRSPs every month and doubling up the mortgage payments on our modest semidetached house. Our philosophy was "If you have it, spend it; if you don't, charge it anyway." We figured God didn't make plastic just for Barbie dolls. We had only one credit card, but it groaned under the weight of dozens of monthly charges. Even worse, we often carried the debt from month to month, making payments only when there was money "left over" from other spending.

Still, we considered ourselves prosperous and fortunate. We had a home and good jobs (my husband is a reporter at a daily newspaper; I'm a trade magazine editor), but we definitely weren't living the high life. We drove a 10-year-old car and never took exotic vacations. Our house, with its one tiny bathroom, is in a working-class neighborhood in Mississauga, just west of Toronto. Our television, a hand-me-down from my parents, is 20 years old, while our kitchen appliances are a lovely shade of late-'70s avocado green. Our life >

Photography: James Patlyn

# 10 strategies for saving 10 grand

Here are the steps we took to slash our budget, allowing us to save \$10,000 a year. Depending on how you view our situation, our savings may actually be far greater than these figures suggest. Like most Canadians in a middle- or upper-income bracket, we pay close to half of each additional dollar we make in income taxes, sales taxes and other levies. By cutting our spending in after-tax dollars by \$10,000, we've actually reduced our need to earn before-tax dollars by \$20,000 or so.

1.	STOP EATING OUT	\$ 250
2.	SHOP DISCOUNT GROCERY STORES	120
3.	USE LIBRARY INSTEAD OF BUYING BOOKS, MAGAZINES, CDS AND RENTING VIDEOS	85
4.	CANCEL SQUASH CLUB MEMBERSHIP	75
5.	STAY AWAY FROM THE MALL	100
6.	BUY FEWER CLOTHES	100
7.	MAKE OWN WINE	45
8.	MAKE GIFTS/BUY LESS-EXPENSIVE GIFTS	35
9.	CANCEL EXTRA CABLE STATIONS	25
10.	SWITCH TO CHEAPER PHONE COMPANY	25

MONTHLY TOTAL: \$ 860

ANNUAL TOTAL: \$10,320



was hardly a nuts-and-berries existence, but it wasn't the stereotypical lifestyle of a big-spending boomer couple either.

And yet we were indeed spending big time. The trouble was that we didn't know where the money was going. Like most of the people we knew, we were puzzled by how quickly our money went. One minute there would be a couple of thousand in the chequing account and then, like a *Star Trek* traveller dematerializing, it would be gone.

The transformation in our attitude toward money began with the birth of our daughter in June of 1997. My husband and I took a combined total of 17 months of leave from our jobs (seven for him, 10 for me) so that we could provide full-time care for Ruby. Suddenly, we went from being DINKS (double-income-no-kids) to LOSERS (lean-overall-spartan-existence-through-responsible-spending). We had to learn to live on less.

I had some good advice on where to start. While pregnant, I had read a book called *Your Money or Your Life*. One of the bibles of what's known as the voluntary simplicity movement (see *Simple beginnings* below), this best-seller by Vicki Robin and the late Joe Dominguez details nine steps to transforming your relationship with money. It was unlike any money-management book I had ever read.

Robin and Dominguez urge readers to see that they are trading their "life energy" for all the things that cost money, and to think hard about which things are really worth that trade. (Practising what they preach, the authors decided that they wouldn't take money for their work in producing the book, but would instead donate the royalties to a charitable

foundation that provides grants to nonprofit organizations dedicated to ecological issues and simple living.) The central message in the book: you can find greater fulfillment and purpose in life by consuming less.

One of the key steps in that quest is to keep an account of every cent you spend. So for six months we kept meticulous records of where every dollar went. Each night at dinner we would pull out our logbook and record the day's expenses. This exercise made us highly conscious of day-to-day patterns, even before we came to tallying up various types of spending at the end of the month.

We divided our expenses into 30 categories under three main headings: "set expenses," over which we had little control (such as electricity, mortgage, life and car insurance, and gasoline); "repairs" (variable but unavoidable expenses to keep our car and home operating); and "discretionary spending," which included entertainment, books and magazines, videos, meals out, gifts, club memberships and clothes.

Writing down what we bought each day meant we had to confront just how recklessly we were spending. For example, we found we were shelling out as much for restaurant and take-out meals every month as we were for groceries. And we were spending at least \$150 a month for new clothes even though our closets were crammed. When we examined our spending chart to look for areas in which to save, we knew what the target would be. Not the big items such as the mortgage or the insurance coverage, but all those seemingly insignificant impulse purchases and small expenses that bulk up mightily over the course of a year. ▸

## simple beginnings

**FROM THE QUAKERS** to the hippies, people have always searched for ways to slow down, enjoy life more and avoid the trap of possession obsession. At its most extreme, the urge to simplify has meant emulating Henry David Thoreau, the 19th-century U.S. writer and philosopher, and retreating to a log cabin in the woods. But in the past decade the desire to live more simply and consume less has moved from the fringes to the mainstream. At a time when our lives have never been more wired, overscheduled, out of control and materialistic, simple living holds out an attractive promise: regaining sanity in one's life.

**THE MODERN-DAY** simplicity movement has its roots in the U.S. Pacific Northwest. The Seattle area is home to some of the movement's most articulate gurus, including Cecile Andrews, author of *The Circle of Simplicity*; Janet Luhrs, who wrote *The Simple Living Guide*; and Vicki Robin, one of the authors of *Your Money or Your Life*. The movement is called voluntary simplicity because its practitioners have made a conscious choice to scale back, rather than being forced into it by poverty.

**MANY OF THE** simple-living advocates point to evidence that affluent living can actually have psychological drawbacks. David Shi, president of Furman University in South Carolina and author of *The Simple Life*, says: "We've never before had such high levels of anxiety and depression among affluent people. Though people are materially well-off, they're discovering that their lives seem hollow and meaningless, and in many cases, they're also looking for alternatives to the frenetic pace of their lives."

**SIMPLICITY PROPONENTS WILL** tell you that to live simply is to "live deliberately," to create a plan for your life that involves spending cautiously, wiping out debt, engaging in community service, finding work that you are passionate about, making time for family and friends and being environmentally aware. "It's not about austerity, or frugality or income level. It's about being fully aware of why you are living your particular life and knowing that life is one you have chosen thoughtfully," says Janet Luhrs, a former lawyer who gave up her career to write *The Simple Living Guide* and who also publishes a simple-living newsletter. "Simple living is about designing our lives to coincide with our ideals."



Fewer workdays mean more chances for Anne to do puzzles and play games with Ruby.

For example, each of us had a daily habit of three coffees to go. That added up to \$120 a month, or \$1,440 a year (which, at the rate we're taxed, eats up about \$3,000 in gross earnings). Friday night pizzas and video rentals were another \$120 a month, and our weekly trip to the liquor store for a good bottle of wine was about \$60 a month. My three-magazine-a-week fix was \$50 a month, the membership in a squash club where my husband played a game a week was \$75 a month, and on and on it went.

We took a red pencil to our budget, seeking to reduce expenses in every possible category. No area was too trivial for examination. If we were going to tame this beast of excessive and unnecessary spending, we needed to mercilessly whip our budget into shape. Many of the savings were small, but they added up in a hurry. We chose to buy only one coffee each day, switched to basic cable instead of an extended service, hung up a clothesline during the warmer months instead of using the dryer, switched to a cheaper phone company, made use of our local library for books, videos and CDs and visited a Chapters bookstore once a month to catch up on the latest magazines.

We began to eat out only on special occasions and took bagged lunches to work most days. I cancelled all my mail-order catalogues and avoided the shopping centres. (It's funny

how you never know how much stuff you need until you visit the mall. By avoiding it, I save at least \$100 a month.) We started bottling our own red and white wine at a make-your-own place. We signed up at a local toy library where my daughter can borrow playthings, reducing our trips to Toys "R" Us. We cut down on the amount we spend on presents and made Christmas simpler (and cheaper) by giving wine and homemade preserves as gifts.

We used to do our weekly grocery shopping at a Loblaw's superstore, pushing our oversized carts down gleaming aisles lined with olive bars and bakeries stocked with freshly made foccacia. Now, we shop twice a month at the decidedly down-scale Price Chopper, where we save about \$30 a week—not just because prices are lower, but because there is not as elaborate a selection of food to tempt us.

The clothes closets are on an even stricter diet. If I'm considering dropping a couple hundred on another suit to "round out" my wardrobe, I tell myself that designers have conspired to keep me in fashion for a few months and out of it for most of my life. When I open my closet and feel I haven't a thing to wear, I try to be conscious of the fact that I have a wardrobe fit for a queen by the standards of any Third World country. I still like to shop, but I have mostly scaled my ▶

## starting points

The tenets of the simplicity movement may sound rather, well, simplistic, but they could be considered downright revolutionary in a wired-for-speed consumer society. The central points? Don't put all your energy into acquiring things and making more money. Do take the time to build a strong sense of community and to widen your social circle by caring about others. Spend more time playing with your kids than shopping.

So what kind of specific changes do you need to make to lead this kind of life? Here's how you can get started:

1. **RECORD** every single cent you spend this week. Do the same next week and compare the difference. Resolve to do this for three months and you will notice a measurable increase in your savings.
2. **RESOLVE** to spend \$50 less this week. Cut out a couple of lunches, a magazine, an impulse item. Put the money into a special account and try to increase the savings to \$100 next week.
3. **UNCLUTTER** your life. Set aside a few weekends to clean out your closets, cupboards and basement. Give away everything you don't wear or use. You'll breathe easier as a result.
4. **STAY** away from the shopping mall for one month.
5. **GET** into the habit of going to your local library every couple of weeks to stock up on books, magazines, videos and CDs so you won't be tempted to buy them.
6. **COOK** more simply. Make a big pot of soup on the weekend and serve it after a hectic weekday.
7. **THINK** about reducing your workweek by one day. Chances are that you'll save enough in taxes, day care and commuting that you may not even notice the lost income.
8. **IF** this is impossible, negotiate to work at home one day a week. You'll add a couple of hours to your day that you would have spent commuting and getting ready for work. Use that time to pursue a passion, read a book or volunteer in your neighborhood.
9. **IF** you usually have two bags of garbage a week, try reducing that to one.
10. **LOG** on to [www.simplicitycircles.com](http://www.simplicitycircles.com) and see if there's a simplicity circle in your area where you can find support and inspiration from other like-minded people.

Now that you've got the rhythm, you can find even more practical advice by checking out the books and Web sites listed on page 40.



Meals together are a simple luxury few families get to savor.

## resources for simple living

### books

**Your Money or Your Life** by Joe Dominguez and Vicki Robin (Penguin, \$17.50): First published in 1992, this book spent more than a year on *Business Week's* best-seller list. It presents nine steps to take in evaluating your assets, tracking and reducing spending, and investing capital to meet basic needs for the rest of your life.

**The Simple Living Guide: A Sourcebook for Less Stressful, More Joyful Living** by Janet Luhrs (Broadway Books, \$27.95): This book has been called "the bible of the simplicity movement." It brings together strategies, resources and real-life profiles of people who have slowed down and created richer lives.

### web sites

**www.simpleliving.net** Home of the Simple Living Network, an independent grassroots organization for those who want to learn to live "a more conscious, simple, healthy and restorative lifestyle." The site offers about 3,000 pages of online information and free community services.

**www.newdream.org** Site of the Center for a New American Dream, a Maryland-based nonprofit organization that helps individuals and institutions reduce and shift consumption to enhance their quality of life. It has a long list of re-sources and organizations and links to other Web sites of interest.

**www.newroadmap.org** Home page of the New Road Map Foundation, whose founders include the authors of *Your Money or Your Life*. It provides resources on the impact of overconsumption as well as study guides for use with the book.

**www.adbusters.org** Site of The Media Foundation, publishers of *Adbusters* magazine. It sponsors an annual "Buy Nothing Day" and "TV Turn-off Week."

habit down to garage sales, thrift shops and secondhand stores where I hunt for bargains and cast-off treasures.

Over the past couple of years, our lifestyle has gone from spend, spend, spend to simplify, simplify, simplify. Saving money became a catalyst for other changes in our lives. We came to see that we have simply too much stuff, so frequent purging has become a ritual in our household. For the first time in years, our closets are orderly and our basement is uncluttered. When we do bring something new into the house—a toy for my daughter or an item of clothing for ourselves—we try to get rid of something old. When we conduct our seasonal purging, our

a pent-up consumer itching to get out.

Just the other day I was sitting at my desk at work when I was suddenly overcome by a powerful urge to buy something. Something just for me. Something I didn't really need. Something new. I went to the retail mall on the first floor of the building where I work, spotted a bright red tailored jacket and picked it up, barely looking at the price tag. I was back at my desk 10 minutes later, purchase in hand and my addiction sated.

Despite such periodic lapses of indulgence, simplifying our lives has had a positive psychological effect. Life got saner as relentless consumption began to take a backseat to a more

## Suddenly, we went from DINKS to LOSERS

rule is that if we haven't worn it in 18 months we give it away. If we receive a gift that is something we would never use, instead of putting it on display out of guilt, we "regift" it to someone we think might like it. Our bookshelves are no longer filled to overflowing. We still have some treasured university texts and classics, and a few sentimental favorites, but we've shipped off several boxes of books to a charity.

Deciding to live more carefully and thoughtfully began to affect every part of our lives—from how we ate (more home-cooked meals) to how we dressed (a few levels down from the height of fashion) to what we did for entertainment (more potluck dinners with friends, frequent outings to parks and conservation areas).

We make a point of not trumpeting our new lifestyle to friends and family because of the risk of sounding holier-than-thou, but there's no denying you need a little social confidence to be able to say no to certain temptations. For example, when friends recently suggested dinner out at a restaurant, which would have cost us \$20 for a babysitter as well as a meal tab of about \$100, we took a deep breath and suggested they come over with their kids and share a potluck meal. And this past Christmas we screwed up the courage to tell close friends that we were scaling down our gift list to only family members. They're still our friends—in fact, some were obviously relieved to be able to scratch a couple of names from their list as well.

Our day-to-day living isn't completely Scrooge-like. Now that we're more financially secure, we do indulge ourselves once in a while: we recently bought a secondhand van (paying cash) and had a weekend getaway in New York. But there are times when choosing the frugal route is simply a drag and sometimes it's damned difficult not to splurge. When a movie came out recently that my husband and I both really wanted to see, we bit the bullet, bought the tickets, hired the babysitter, paid the parking and went to town at the snack counter.

That outing cost us \$65, but we felt our indulgence was worth the price. As powerful as the simplicity philosophy may be, it runs up against the fact that sometimes people just really want stuff. Inside the most thrifty budgeter there may be

thoughtful approach. Instead of feeling deprived, we felt strangely liberated. Learning to live on less put the brakes on a vicious spend-and-earn treadmill that left us exhausted and feeling broke. Life now is hardly on the poverty line, and for us it's dramatically better than it used to be.

Simplifying has also extended to our work life. Today we work less and commute less. Because we've learned how to save money, we don't need to make as much. My husband has chosen to work a three-day week, and I work three days in the office and one at home. As a result, we spend less money for day care and spend more time with our daughter. Now that we are expecting a second child, my husband plans to move to a four-day week while I take a year's maternity leave. Both of us enjoy our work and continue to have career goals, but neither of us wants to work a five-day week while our family is young and growing. Thankfully, we work for progressive employers who are prepared to offer flexibility in return for performance. Of course, if we had our eye on the vice-president's office, this kind of downshifting would probably be impossible.

Because we work less, our lives have expanded and become richer. We have more time for things that we always used to put off doing—taking a course, for example, or volunteering in our community. We enjoy midweek play groups with our daughter and the delicious luxury of the occasional nap. Our household chores can now be done on our days off, so that weekends are reserved for fun and relaxation. We don't brag any more about how busy we are.

Trying to live simply is now a way of life in our house, the way it always was for the immigrant grandparents in our family who knew all about the virtues of frugality. They didn't have to take complicated courses or read books to learn how to save money; they did it out of necessity. Their financial advice was simple: "It's not what you make, it's what you keep." "Put some away for a rainy day." "Don't buy on time." "Wear it out." To our surprise, we have found that all of that old-fashioned advice still holds true.

So call me frugal, a cheapskate, a tightwad, a penny-pincher. As a reformed spendthrift, I'll take it as a compliment. 