

Your Budget: Rethink These Modern-Day ‘Necessities’

Compare your monthly expenses to those of your grandparents (maybe even your parents), and you’ll probably find that your expense list is quite a bit longer. Over the decades, more and more conveniences, habits, and gadgets have found their way into our everyday lives. And gradually we’ve accepted them as normal, even necessary. (For instance, who thinks twice about paying a cell phone bill—talk, text, and data—these days?)

If we’re honest, we’ll admit most of these things don’t make us happy. (Certainly, the personal debt burden doesn’t.) That’s why Donna Skeels Cygan, author of *The Joy of Financial Security* is nudging us to rethink our expenses and “pay attention.”

“We all know we need to spend less and save more,” she says. “Well, when you cut out some of the big-ticket items that we seem to think are necessities—but that really aren’t—you’ll have a lot less stress and more financial breathing room.”

Here, Cygan spotlights 10 modern-day expenses that might be keeping you from financial freedom:

A big fancy house.

You see gorgeous pictures of others’ homes on TV and Facebook and think, My home needs to look like that, too. Newsflash: Most people don’t live in spacious, picture-perfect homes, regardless of the impression social media may send. And even if they do, are they really happier than those in smaller, more modest homes?

Moreover, consider why you want to upgrade your living space. Is it because you’re a six-person family in a two-bedroom house? Or is because you just want to impress the occasional visitor (who, if he or she is a true friend, won’t care about the size or lavishness of your house anyway)?

If you already own “too much home,” you might downsize to a more modest (and less expensive) one—and purge a lot of your extraneous possessions while you’re at it. One unexpected benefit is that you may find that your friends are envious of the fact that you’ve been able to simplify your life.

A new car.

If your neighbor just got a new car, you may find yourself thinking, My car is six years old...maybe it’s time for a new one. But ask yourself: Is my current automobile impractical because of size, poor gas mileage, or the fact that it requires a steady string of repairs?

If not, take a step back and remind yourself, My car will last another six years if I maintain it, and maybe longer. I do not need a new car. I want to be financially responsible, which requires saving and investing my money wisely. Then, focus on the things you can do with the money you're not putting toward a car payment.

More clothes, shoes, and accessories.

Many of us want to look stylish and trendy, and some of us even view shopping as a form of entertainment. Problem is, a frequent shopping habit isn't easy on the wallet...and it's likely that most of your purchases languish in your closet, where they're rarely (if ever) worn. So the next time you feel like hitting the mall, ask yourself if there's anything you really need. If not, resolve to wait—perhaps until the next season change—to add to your wardrobe.

An expensive, exclusive education for your child.

If the tuition is way over your head, it's time to look into other options. Remind yourself that private schools and colleges often don't deserve the prestige their PR departments have created. (And while your child's future is important, you need to be saving for your own retirement—a fund many well-meaning parents neglect while funding their children's educations!)

If your family decides to take out college loans, Cygan recommends making sure some of the loan balance will be repaid by your child. Knowing that his education isn't a freebie will make it more meaningful to him—and may also sharpen his motivation to graduate in four years!

Over-the-top gifts.

Every holiday season (and birthday and special occasion) you overspend on gifts and are left with a financial hangover when your credit card bill arrives. You need to have an honest conversation with yourself: Do you think the price of a gift has any correlation with the appreciation from the recipient, or with how your friends or family feel about you?

It is important to set a budget for holiday gift-buying and to think creatively about gifts (or better yet, plan special experiences instead of purchasing gifts).

Frequent restaurant meals.

Yes, dining out is convenient. But done regularly, it can also be awfully expensive. Deep down, you know that with a little planning ahead and prep work, you can save a lot of money by cooking at home. You may also find that staying at home is relaxing, and chances are, most of your home-cooked dishes will be healthier than restaurant meals.

A full complement of gadgets, devices, games, and channels.

Yes, it's nice to have (literally) hundreds of channels to flip through. But how many of them do you actually watch? Would you be just as satisfied with a much less expensive video-streaming subscription? And what about "toys" like tablets, smartphones, and video game systems? While they're entertaining and often legitimately useful, how much of your time and attention do they take up?

Think about what you're not getting done and the time your family is not spending with one another. At the very least, it might be time to set screen-time limits, and to stop purchasing each new update for your gadgets.

Lavish vacations.

How often have you booked a trip to some overhyped destination just because it's what you do every year...or because it's what the neighbors are doing...or because you're seduced by a slick ad promising a "discounted" (but still pricey) air fare and hotel rate...or because you think you "deserve" it?

But the truth is, these trips rarely live up to our expectations...and the residual bills haunt us long after we've left Paradise behind. Be honest: Would a couple of long weekends in a rustic cabin in the mountains be nearly as enjoyable as a blowout trip to a fancy resort?

A constant parade of extracurriculars for your kids.

These days, some kids are busier than many adults. Between school, homework, sports, music lessons, volunteering, and more, they're "working" the equivalent of 70- or 80-hour weeks. But the truth is that enrolling your children in two or three activities each is causing you to spend yourself silly and is stressing out everyone involved (especially your kids, whom all of this is supposed to benefit most).

Yes, your intentions are good, but it might be time to cut back. Allow your children to choose one or two activities each—and if it's something inexpensive like YMCA soccer (as opposed to a traveling team), so much the better. Be sure to use some of your newfound free time to do something meaningful as a family, whether that's game night or a trip to the park.

Your gym membership.

Belonging to a gym and participating in various types of exercises is healthy. But unless you're a devoted, enthusiastic attendee of each spin or Pilates class, consider dropping that gym membership. Do you really use it enough to justify the expense? Plus, walking is free, and exercise videos are cheap. You might even be able to start a neighborhood walking club and get to know your neighbors!

"It's important to put thought into the parts of your budget you can control, because some modern-day expenses—like the rising costs of healthcare, gas, and food—are out of your direct control," Cygan concludes. "The first step is to recognize that 'things' rarely bring us joy—including those things our culture tells us we need. We don't need them. And when we make changes based on our real values rather than following the herd, we're more in control, which translates to real happiness."

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