

You really can

Struggling to live on your current income, or with the idea of living on less when you retire? Does *Cath Armstrong* have good news for you!

Living on less does sound like a fairy tale to most Australians. But you can do it and still live a great lifestyle. My family is living proof.

A few years ago I was a happy spendthrift; then, disaster struck. I lost my part-time job, the next day my husband lost his job and three days later we found out we were expecting our third baby. And we had half a house – we'd ripped off the back, ready for renovations.

I would love to be able to say that overnight I became a cheapskate *par excellence*, with our lives continuing without a hiccup. But I would be lying. Instead, I shut down and went into survival mode for six months – during which I realised changes had to be made.

At first I just wanted to be able to live on the money we had coming in, so I could be a full-time mother and homemaker. Then I really got into the game – looking for ways to mend or make do, re-use and recycle or create whatever it was we wanted. So it was the Cheapskates philosophy was born.

It's simple...

Once we'd decided to live on one income and save, the rest was relatively simple.

- **I became a saver, not a spender.** I soon realised that the little ways we saved money every day were the very things that would let me have the stay-at-home lifestyle I wanted.
- **I learned to be economical in the use of money and goods.** I learned to sew, cook from scratch, grow veggies and hunt out bargains. I happily tell anyone that we eat 99 per cent generic grocery items, that the op shop is our favourite department store and that cooking from scratch does save money, time and energy.
- **I learned to avoid unnecessary spending.** I became an expert at the three Rs – reduce, reuse, recycle – for example, bread tabs became spare pegs. And I researched how my grandmother and great-grandmother fed, dressed, entertained and looked after their families and homes.

Adding one new Cheapskates way a week, Maree was able to save \$2347 in just three months.

... once you get going

Note that I said 'simple' earlier, and not 'easy'. It wasn't easy, we were tempted to splurge, even to give up and spend our savings. And there are always unexpected emergencies – but living the Cheapskates way means we have the savings to cover them, without going into debt or worse.

And the best part wasn't saving money. Our life actually improved. We ate better, enjoyed more family time, enjoyed our home more, paid our bills, really saved and actually had fun doing it!

If your household currently has two incomes coming in and you really want to save, make a conscious decision now to save one and live on the other. Make sure the family knows what you've decided – they need to be part of the plan, too.

The Cheapskates way isn't a life of deprivation. You can still enjoy the good things, the things that are important to you. And that's the secret. You don't waste money, time or energy on stuff that isn't important.

If you enjoy travel, replacing a night at the cinema with a DVD from the library or the video library and putting the savings into your holiday fund isn't a hardship. If you love good restaurants, then cooking dinner at home six nights a week rather than picking up takeaway two nights can save you \$50. Add that \$50 to your entertainment budget for the week and you can enjoy a night out, debt free.

Set a budget for gifts, shop for them at sales, op shops, garage sales and markets and put any difference between the budgeted and actual costs into your savings.

These may seem insignificant things but they add up – as Graham and Maree* found out.

Proof of the pudding

Maree joined the Cheapskates Club in February last year in an attempt to retire early. With an almost paid-off mortgage and two teenage children, Maree was looking to cut her work hours from 40 a week to zero before she turned 45 in two years.

She started with the groceries (the easiest place to make instant savings), switching to generics for basics such

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as sugar, flour etc. She put the savings straight into the emergency fund she had set up.

Adding one new Cheapskates way a week, Maree was able to save \$2347 in just three months, added straight into the emergency fund.

She also set up a budget using just Graham's salary. She added her salary to a savings account she had set up so she could be sure the family could live on one income. Graham came on board and started to cut the lawn and wash his car himself. He also started to sponge clean his suits, cutting the dry cleaning bill in half.

Maree tells me the biggest change she made was learning to say "no" to her children. She gave them a basic allowance and if they wanted anything else, they had to earn the money. She encouraged her 16-year-old son to get a part time job and started to pay her 14-year-old daughter to do the ironing rather than someone else.

Maree will celebrate her forty-fifth birthday in January 2008 and she won't be working. She will retire from the workforce in September this year, when her emergency fund will have six months of living expenses in it; her savings account will be healthy and she will be celebrating with Graham because their mortgage will be paid off.

To me being a Cheapskate is one of the best things in my life. It's become a challenge to me – to find ways to save money, time and energy without compromising the way we live now and want to live in the future.

And I love it!!! 

**Not real names*

→ MORE

Debt free, Ca\$hed Up and Laughing by Cath Armstrong and Lea-Anne Brighton (ABC Books 2007, RRP \$19.95).

Join **The Cheapskates Club** founded by Cath Armstrong at www.cheapskates.com.au. Cost is \$36.50 per year.

