



Live Well, Well Within Your Means

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ON AN HOURLY, FEE-ONLY BASIS

“Live well, well within your means for a sustainable lifestyle” is a bit unwieldy, I know, but I believe it sums up how to approach your personal finances. Here’s why:

Live Well

“Live well” = make sure your money is used in ways that are most meaningful to you. Unless you only have a subsistence level of income, you make choices about how your money is spent and saved. Living well is about being mindful about those choices in order to maximize what your money does for you.

Studies show that we get more bang for our buck when we target our budgeted spending dollars on:

- ~travel, entertainment, and other experience.
- ~services and devices that save us time
- ~items that bring experiences (e.g. skis, bikes, and guitars that are actually used)
- ~gifting, donating, and spending our money on others
- ~and it’s best if many of these uses are infrequent enough to be viewed as treats

So avoid creating high ongoing fixed costs that will reduce your ability to spend in ways that are more meaningful to you. Monitor and target your spending on an ongoing basis to make sure it aligns with your long-term priorities and your resources. Know where your money is going, then adjust your spending to make it work best for you.

Well Within Your Means

“Well within your means” = making sure you allocate less money to your current needs and desires than you actually have. This allows for needed savings during your working years. Over your whole lifetime, it provides a cushion for when things don’t go as planned or for when you want to change your plans.

Remember that you have to draw the line somewhere... Those who are allowing themselves to spend 10% less than you are thinking “if only I were able to spend 10% more...” Get off the hedonic treadmill! The more you have, the more you adapt to having more, and the more luxuries become necessities and the more you eventually want.

For a Sustainable Lifestyle

“For a sustainable lifestyle” = balancing your income and your outflow over your lifetime so that you can maintain or enhance your working-years lifestyle in retirement. That means spending far less than you can “afford” during your working years so that you can spend far more than your income in your retirement years. The gap is filled by the interest, dividends, and appreciation from your investment savings.