

# Slashing Spending

A lot of personal finance advice can be lumped in to two phrases: Spend Less and Save More. Often, finance experts focus on how little has been saved or how many people are spending too much, but it is important to focus on the positive. A study was recently conducted involving a group of Americans who have recently cut their spending, and that group is larger than you think! The data comes from a July 2019 article from The Motley Fool called, "[33% of Americans Slashed Their Spending This Past Year. Here's How You Can Do It.](#)" We will look at each of the three tips from the article in depth, but first ... what are some of the reasons that people might be looking to cut back on expenses?

The reasons cited in the article were ... a loss of job or income, newly acquired debt, and fear of a possible future downturn in the economy. It is likely that you have encountered some, if not all these scenarios and motivations. Even if you are lucky enough to avoid these factors, these tips can still be valuable to your personal economy.

The first tip in the article is **follow a budget**. I would add that for many people, a preliminary step would be to create a budget in the first place. You can easily create a budget by looking through your recent bank and credit card statements. Some of your monthly expenses will be obvious. You know your rent or mortgage costs. Car or student loan payments are likely to be a consistent amount each month. But what are you spending on dining out? What does your daily coffee add up to each week or month?

These questions can help you identify your categorized spending. Once you have identified these categories, you can begin to create your budget. This will allow you to find the areas where you can potentially reduce your spending.

Another tip to reducing your excess spending is to **avoid spending for fun**. For most Americans, shopping falls into two categories: necessities and entertainment. Necessities rarely provide an opportunity for savings, but entertainment may be an area to cut back. In modern life, online shopping has become extremely easy and convenient, and in some cases, maybe a bit too easy and convenient. Shopping only for essentials online can help cut back on some of your spending activity. Browsing or window-shopping can be a fun but dangerous temptation. Replacing your window-shopping time with a novel or newspaper can help you avoid such spending temptation.

Much like making a budget, a shopping list can be a helpful way to avoid overspending. If it's not on the list, it doesn't go in the cart. It doesn't matter if that cart is physical or digital. It can almost feel like a challenge or game to make sure you follow your shopping list and stay within your budget.

The final tip mentioned in the article is to hide your credit cards. This bit of advice has been popular in recent personal finance discussions. I have even read some outlandish suggestions to avoid using your credit cards, things like locking them away, giving them to a partner or third party for safe keeping or even literally freezing them in a block of ice. No matter what types of steps you take to avoid using them, reducing your credit card spending can be very valuable. Interest charges can compound quickly and eat away at even more of your income.

Slashing your spending can be a valuable tactic to create additional financial security. Hopefully these tips to curb your spending has provided you with some potential ideas to improve your savings. If you have questions or would like to explore more personal finance options, feel free to give our office a call or visit our website to set up a complimentary consultation today.