

DOLLARS & SENSE

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Don't keep up with the Joneses

Most everyone is familiar with the idiom “Keeping up with the Joneses”. It is a lifestyle of competition and comparison. A desire to have equal or better than what “everyone else” has. It wasn't long ago that having enough was simple.

A modest house and a dependable car were the goals. Kids played with the neighbor kids in the yard and rode their bikes. Cell phones and computers were not only not necessities but weren't even thought of as home gadgets.

Now, living in the age of technology not only are we connected to each other and to work 24-hours a day 7-days a week, but the speed at which technology is evolving is creating a regular “need” for updated purchases to keep up. Life has suddenly become not so simple anymore.

Being connected through technology certainly has its advantages. Tools of today can create learning opportunities that past generations could only imagine. Computers and smart-

phones give us the opportunity to get the same amount of work done in a fraction of the time that it used to take in yesteryear. The real question is what are we freeing up time for? Studies show that we are simply freeing up time for more work.

According to a Gallup report titled “The “40-Hour” Workweek Is Actually Longer -- by Seven Hours” released in 2014 “Adults employed full time in the U.S. report working an average of 47 hours per week, almost a full workday longer than what a standard five-day, 9-to-5 schedule entails. In fact, half of all full-time workers indicate they typically work more than 40 hours, and nearly four in 10 say they work at least 50 hours.”

With all of the advantages of our tech-savvy world, the one thing people may not realize is that those advantages can be a double-edged sword. Being connected raises the expectation amongst our employers (and to some degree our family and friends) always

to be available. We are bringing our work, our stress and other people's standards, lives and expectations home with us. This leaves us feeling less than adequate, stressed out, and anxiety riddled with no silence and no “downtime” to reflect. When you add the media, advertising and seemingly “well-to-do” neighbors to this mix, it's a recipe for disastrous financial decisions.

There are not many of us who haven't looked at our friends or our neighbors or even a stranger with a large house decorated and manicured so perfectly it belongs in a magazine, new cars, and a shiny camp trailer in the driveway, and thought “how do they do it?!” Perhaps you see your friends going out regularly to nice restaurants or trendy clubs, or buying designer clothes seemingly without a care and feel a touch of envy.

In cases like this, it is important to keep in mind that even The Joneses can't escape the sword's other edge. The Joneses very likely don't actually own their house, or their vehicles because they have been financed. Financing

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their lifestyle has probably made them liquid-asset poor and one paycheck away from disaster. With loans and credit, it is easy to look like you own more than you do. Your friends who have been going out on a regular basis? They probably have credit cards and with them lots of stress and debt. Forget keeping up with the Joneses, they are overstressed, broke and unhappy.

The problem with trying to purchase happiness is that your four-dollar coffee, your newer car or your shiny new purchase will only keep you happy and pacified for a short amount of time. Often, after the elation comes even more anxiety, depression, and

Although the instant gratification feels good initially, it won't last. You will also have to work harder to make up the money for your purchase.

You are worth more than a shiny new commodity. You are worth a secure future and a healthy retirement. You are worth peace of mind.

stress. To try and fix that feeling, it will not be long before your eye starts wandering to the next purchase. The habit of overconsumption can easily and silently creep into your life and become a habitual process of consumption and dissatisfaction.

"Surely, that isn't me." You might be saying. "I don't have the newest things

or the grandest life," and you may be right, but many people underestimate their spending. They assume that if they are not living a lifestyle like the rich and famous, they cannot possibly be part of the needlessly spending statistic. I mean after all, look at all of the stuff THAT neighbor has. The reality is, most Americans suffer from some form of unnecessary consumerism, and this often creates a lack of savings security.

According to the Federal Reserve "report on the economic well-being of the U.S. Households in 2014" published in May 2015, 37% of respondents that made between \$40,000 and \$100,000 spent an equal amount of money to their income and 18% reported that their spending exceeded their income. The less you make, the worse the statistic gets. 43% of respondents that made less than \$40,000 a year spent equal to their income and 27% reported that spending exceeded their income. That doesn't leave a lot of room for savings!

In fact, according to the same Federal Reserve report, 25% of respondents that made \$40,000 to \$100,000 a year have zero savings and 53% of respondents that made less than \$40,000 a year have zero savings. You read that right, zero savings!

So how does your savings look? Do you have a sufficient retirement and emergency nest egg? If not, chances are, there are some unnecessary expenditures happening. The question is, how do we stop? Well, first we need to acknowledge that "keeping up with the Joneses" is an emotional state. Usually, it is because we want to keep a status or reputation or fill an empty emotional space in our lives. When we try to buy happy, it is simply a response to an emotional trigger, so it is important to figure out what triggers us. What makes us upgrade our phone when it isn't necessary, or

want to trade in our older dependable (and paid off) car for a new one? Some common triggers are.

1. Self-esteem struggles

Often when we are feeling down about ourselves we look for an immediate pick-me-up. In the age of Instagram, Pinterest, and Facebook, it is easy to feel that everyone is a successful businessperson, a supermom, a perfect wife or a socialite. From Mickey Mouse ear pancakes to a perfectly decorated bedroom or face, our inner critics go crazy.

We compare ourselves to others; we wonder how we can be "more" or "better". We feel we should be changing the world. Grandiose judgmental thinking like this can lead to low self-esteem. We then look for fulfillment outside of ourselves and the cycle of buying things to make ourselves feel better begins. It's important to remember that what we see in these apps are merely seconds or moments of a person's life.

Not only that but they are likely the best seconds and moments of a person's life. These moments are not the sum of an entire life that is perfect at all times. In social media, it is easy to put your best foot forward, and all too often we build an entire life story around a perfect picture or status.

2. Troubled relationships

Unhealthy relationships can wreak havoc on your self-worth, your quality of life and your decision-making. Whether a romantic, familial or friendly relationship, if it is empty or unfulfilling, it can create an emotional hole that you then attempt to fill with material goods. Ending a relationship that is not serving the highest good for you or your life is hard, but necessary for you to live the best life (and make the best choices) possible.

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3. Working too much

“Why does working too hard trigger your need to buy things?” You might wonder. For one thing, when you are tired, your critical thinking skills and common sense defense go out the window. You are more likely to impulse buy when you are overworked and tired. Also, you may fall victim to the “I deserve it” attitude. “I work so hard; I deserve a new ATV!”

The problem is, although the instant gratification feels good initially, it won't last. You will also have to work harder to make up the money for your purchase. You are worth more than a shiny new commodity. You are worth a secure future and a healthy retirement. You are worth peace of mind.

4. Poverty

If you were raised in poverty, chances are that you either are a staunch purveyor of thrift and necessity, or you like to indulge in all the things you never had as a child. If you are the latter, avoid the temptation to “Keep up with

the Joneses” because doing so may lead you back into the poverty cycle.

You will never reclaim your childhood through consuming luxuries in adulthood. It is better to ensure your standard of living by living within your means. If you currently live in poverty, you stand the most to gain from cutting unnecessary spending but it can be tough to deny yourself the small luxuries of life when you struggle to cover the big things. Asking you to remove the seemingly small expenditures that make you “happy” is likely to be met with resistance but remember nothing you buy can make you truly happy. Financial stability and peace of mind are far more likely to accomplish that.

5. Television.

This trigger may come as a surprise to you. Think of the television is a never-ending series of advertisements. Advertising agencies excel at creating insecurity or a false need and offering you a product to fix it. See those young, beautiful, successful people having fun? It can all be yours if you buy their product.

Logically we understand this is untrue but the seeds are planted in our subconscious, and suddenly we are looking for something to make us more. Turn it off. Also, turning off the television gives you time to pursue the things that can make you truly happy.

Once you are aware of your triggers, you are more likely to remedy or avoid them. Once you have awakened your awareness, it is time to plan the things you can enjoy that do not require money or purchases. It is important to brainstorm and list them out and make a plan to immerse yourself fully into them. Real contentment and joy can never come from a purchase, it comes from relationships, community and from within. Here are some ideas.

- **Spend time with your family and friends.** Time is fleeting and precious. The time that passes is time you can't get back, and there is nothing better you can do with it than spending time with the ones you love.
- **Volunteering.** When you give of yourself to someone else, it creates a sense of fulfillment and purpose. Looking back on your life and saying you made a difference is worth more than any jewelry.
- **Get outside.** There is something immensely grounding about being out in nature. No matter your age or ability, you can enjoy it. From opening up a window to hiking a mountain trail, fresh air and sunshine will ground your mind and sooth your soul.
- **Use your hands.** Crochet, paint, write or read. Do something to create beauty in the world or activate your mind. Some hobbies can also be sold to increase your income. Find things to create or do that cost little to no money.
- **Care more about service.** Instead of worrying about status or prestige, work on impressing

The Losing Battle

The biggest issue in the battle between neighbor vs. the Joneses is that no matter how hard you try someone always moves the bar higher! There have been a number of articles in the media recently that outline this phenomena. Look at the status of ‘stay at home’ moms. Years ago it was the norm... every family did it so nothing special there. Back then you knew you'd ‘made it’ if you had a nice modern home for your family. Then because of that new home (and new homes cost money) women entered the workforce, economics and inflation took over and now it's often a struggle for families to be able to have one of the spouses who can stay at home with the kids. So for a while you knew you'd ‘made it’ when you could once again have a ‘stay at home’ parent in your modern home.

Then the bar moved higher. The new status symbol is how many children you have that you can stay at home with... because of course kids are expensive and Jr. has to be enrolled in all the best schools and activities—which of course costs money. So now if you have lots of kids you've ‘made it’. Of course more kids means more money for everything they want to ‘keep up’... so it's back to work for the other spouse, and in many cases the child too! It's a never ending losing battle.

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people with your thoughtfulness and generosity. Get involved in your community and widen your circle of friends. Focus outward instead of inward.

Despite all of your best intentions, there will be times that committing to saving money and not participating in unnecessary spending will be uncomfortable. Most of our social lives are centered around consumerism.

Gone are the days that the aunts and uncles got together to play cards while the cousins played. Nowadays it's going out for coffee, to the restaurant, or the club. Sometimes it seems as if even the most informal meetings will cost you something. Here are some feelings to expect when you stop spending money.

Discomfort. It is never an easy thing to admit to yourself, let alone your friends that you don't have the money to go out. Luckily, there is no need to be so candid. Instead of saying "we can't afford it" speak from a positive angle and say, "We are saving for a house and have decided to cut out frivolous spending."

If you have a persistent friend that won't take no for an answer, you can simply say that you have a previous engagement and proceed to play bingo with the family. Remember, simply saying "I'm sorry, I can't." is a complete answer, you do not owe anybody an explanation.

Feeling deprived. Telling your friends that you aren't going won't be the only hurdle you face because you may actually want to go out! Perhaps you wanted to see the latest blockbuster or go to the new trendy restaurant.

You may find that you have feelings of morose or are resentful or jealous. Try to find something to break up the

monotony of your day. Take a bubble bath, read a good book or visit with loved ones. You will find that the feelings will pass, and you will feel proud for resisting temptation.

Fear of rejection. When regularly turning down outings with your friends, it is easy to worry about being forgotten or abandoned. You may worry that you will be invited less or not at all, and these are real fears. Fortunately, you don't have to say no to everything.

When you budget, make sure you allow for regular but infrequent outings. A good starting point is once a month. You can also host an event at your house that costs little such as a potluck dinner and games. Visiting with family and friends is not about the location but enjoying everybody's presence.

So now that you are aware of triggers, have some alternative activities planned to enrich your mind and fatten your wallet, and are prepared for some of the potential emotional pitfalls, what's next?

Make a budget by trimming the fat. Just the right amount of fat gives richness and flavor to your favorite cuisine, but too much fat can leave you feeling sick and bloated.

The same is true for recreational spending. Do not expect to trim all frivolous spending from your life, because spending money to gain experiences is part of what enriches our lives. Aim to cut your unnecessary spending by 75%. This is a worthwhile goal that will allow you to maintain a fun, full life while living within your means.

Write down your necessities and recurring bills. Eliminate and condense everything that you can. Be sure to budget an entertainment fund, but commit to buckling down when the

allotted funds run out. Find a balance without finding yourself broke.

With the money you are saving, you should aspire to have both an emergency savings and a retirement savings.

According to the Federal Reserve only 54.2% of respondents that earned between \$40,000 and \$100,000 saved for retirement. And 57.1% saved for unexpected expenses. That leaves a lot of unprepared and unprotected people!

A good guideline for an emergency savings is six months worth of your living costs. If your cost of living is \$4000 a month, that would be \$24,000. For retirement, the standard advice is to save as much as you can! However, most financial planners will tell you 10% of your income is a good place to start. If you make \$4000 a month, that would be a goal of \$400 a month into your retirement savings.

Remember, when times get tough, no amount of unnecessary material wealth will make you feel as happy and content as the peace of mind and security you will get with a healthy savings and retirement account. So forget about keeping up with The Joneses because while they are overworked, broke and not enjoying life, you will be debt free, prepared and happy. ■



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