



Challenging You to Save More

TGIF, right? You get your paycheck, happy hour starts at 4pm and finally you get to buy those shoes you have been keeping an eye on all week. Or maybe it is that shiny new plasma TV since Sunday Night Football is back! You promised yourself that you will not buy anything unless you “NEED” it... but you “NEED” the shoes for that dress that was purchased last week and you “NEED” the plasma TV because everyone is coming over next week to see the game at your house. The question here is, do you “REALLY NEED” it? Are the material goods that we desire so greatly REALLY that important in our lives? My theory is, if it isn't going to literally



kill you by not having it, then you may simply just not need it!

I understand that it is hard to resist the new stuff that comes out every quarter. For example, let's take a look at Apple, Inc. They are an amazing marketing company; why? It's because they know how we spend our money. Whenever Apple makes an announcement regarding a

new product release, the masses want to be part of the new trend and flock to the stores to pay top dollar to simply say they have the newest version. The question we fail to ask ourselves, is whether or not we “REALLY NEED” it, or will the last model continue to work just as well? I must admit that I too have fallen victim of this time and time again. The new iPod comes out

and I believe I “NEED” it because the new version has a different screen, or the new iPhone 4G is thinner, faster and will definitely increase my productivity in ways my current iPhone could never reach.....and now the iPad! I “NEED” one because this would be much easier than carrying around a book, or better yet, an entire library! I have now fully convinced myself that I should pay nearly \$1,200 of my hard earned money, not to mention the apps I will indefinitely “NEED” to stay up to speed in today’s environment.

Is this the right move? Should I really buy all of these items? Do I “REALLY NEED” them???

In my case, the answer is NO! By now I am sure that you already knew what the answer should have been, however how can we break this habit of buying things we do not really need? Our office deals with many people who are infected with this very disease. Almost

every day at some point I hear the question, “How is it that I feel like I only make enough to barely get by? I just don’t get it.” If you have ever had this feeling, you are not alone. We all go through this phase at one point or another, however the beauty of this disease is that it can stop whenever you like! As humans we were not born to shop, but we were born with emotions. Emotions bonded together with a lack of guidance causes us to engage in actions we are not used to or falsify our beliefs that we may need something when we truly do not.

How can we solve this problem? We can do it together but it does take time and patience. The first step is to discuss your budget with your wealth manager so together you can discover your pain points. Once there is a full picture of your personal balance sheet the reconstructive surgery can begin. This doesn’t mean that shopping stops all together; it simply needs to be in the budget to

ensure you are also meeting all your other needs. Whether the goal is to buy a house, create a retirement plan or simply get rid of your debt. Your wealth manager should clearly understand your needs and help you accomplish the goals you have set out to reach.

Once your entire picture has been painted, you can begin addressing your shopping desires. The most important thing to learn is not to live beyond your means. This is the worst trap of all since eventually you will feel stuck and desperate to get out of this rut. With the proper guidance this should not remain the case. Everyone is a little different, so talk with your wealth manager to discover which type of spending budget will best fit your characteristics. Putting your hard earned money away may provide you a greater sense of security and begin to curb your spending habits by yourself.

Some of you may already have developed very disciplined spending habits, but are you actually able to do more to save for a rainy day, or further maximize the capital going into your retirement fund? Based on research from the Employment Benefit Research Institute, we have found that the percentage of working households that are saving for retirement has dropped to 69% in 2010. The number of workers or spouses currently setting aside money for retirement has dropped by 60%. So what can we all do to save just a little bit more? We must, and I do mean MUST start to stop our financial bleeding and focus on not living outside of our means. I have touched on a few easy ways to save on your monthly bills but this is only the beginning. If you want more help with budgeting, just call us and we would be more than happy to lend a helping hand.

A FEW CUTBACKS

1. *Simmer down with your coffee*

With the prices of coffee increasing by 10% this past month, your cup of morning influence can really hurt your wallet. Find alternatives such as making coffee at home, utilize the coffee maker at the office, or simply reduce your daily consumption. Try reducing your 2 cup a day out put to 1 cup and substitute tea you've purchased from your local grocery store. That will reduce your coffee spending by 50%!! Here's a fun example I really like to use to explicitly illustrate this method:

My partner and Vice Chairman here at Macian Wealth Management used this approach in a little different light. He calculated that his average daily intake from Starbucks was 6 (4 for personal, and 2 for clients during meetings). His average cost per cup was \$3.70, which at a 5 day work week pushed his

average monthly coffee bill to approximately \$444. If you look at this as a yearly number, that's \$5,328.00!!!! He decided to switch to water during meetings and substituted specialty coffee with a free cup at the office and used that money to purchase a car and increase his savings.

Now while this example may be a little extreme, it's a perfect example of how to turn a simple "capital bleeding" scenario completely around and build your assets. Even if you only cut out one \$3.70 cup out of your day, with a 5 day week you stand to save \$888.00.

2. *Call out your Cell Phone Bill*

Many carriers today allow you to downgrade your service plan. If you one of millions who has taken out an "unlimited everything" contract and are suffering from a very high monthly payment, take a look at your usage over the past 3 months. You may realize that your actually usage falls

well within minute amount of a far less expensive plan. I recently lowered my bill from \$170 to \$90 by using this exact strategy! By doing so, I'll save \$80 per month, with an annual total of \$960. You may fall into this exact category or one quite similar.

3. Reel in your Cable Bill

We all enjoy 800 channels to browse through to see if there might possibly be something of interest to watch. Now if you are anything like me, there are really only a handful of them I will consistently watch. However I really love movies, but paying excessive monthly fees to have movies I may never watch sitting ready to view just doesn't make much sense. With companies like Netflix, Redbox and Hulu.com you can drastically cut out the unnecessary expenditures. Take a close look at the actual shows, movies and

channels you have spent the time to watch over the past 3 months and get rid of the rest. You can always turn them back on or rent another movie, however you cannot get money back from the ones you paid for and never took the time to watch. I would venture to guess that most of us are spending \$100 too much per month in this category, which would equate to another area to save \$1,200 per year.



In total, of the above items listed you stand to potentially save in excess of \$3,048 a year!

We challenge you this month to find as many ways as possible to save! Let us know your most creative new method of saving and next month we will list the winner's concept in the beginning of the newsletter! As a prize for being chosen as "Macian's Most Creative Saver", we will give you a complimentary budget review and a 50% financial planning discount to anyone that you may refer. Send all saving methods to:

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