Wi$e Up Teleconference Call
May 30, 2008
Money Matters: Budgeting to Stretch Your Dollars
Speaker 3, Warren Strauss

Jane Walstedt: And now I’d like to ask Jacqueline Cooke, the Women’s Regional Administrator in Boston, to introduce our third speaker. Jackie--

Jackie Cooke: Thank you, Jane. Warren Strauss is a licensed Certified Public Accountant in Massachusetts and New York and holds the designation of Personal Financial Specialist from the American Institute of Certified Public Accountants. He possesses more than 25 years of experience providing personal financial guidance. He’s currently a senior Vice President for Investments at Moors & Cabot.

Mr. Strauss holds a Bachelor’s Degree in Public Accounting from NYU and a Master of Business [Administration] in Finance and Investments from the City University of New York. Mr. Strauss--

Warren Strauss: Hi. Pardon me. Thank you Jacqueline, Jane, Gail, Jessica. I’m very honored to speak in the company of Erika and Rebecca, who have done an excellent, excellent job at providing the listeners with a very good structured framework from which to build a plan. And I like to use the word “plan” instead of “budget,” because budget sounds to some people very constraining, and plan sounds more like what happens in life.

We make plans, and then we find out what’s going to happen. And it’s like a road trip in the car back in the days before GPS. I still use maps that I get from AAA, which you can look on the map and you can see if you’re still on the road that you want to be on. And if you’re not, you can change course. So you can correct it. You don’t want to stay wrong for long. That’s the idea behind a budget.
It’s also a good word to use when you’re communicating either to yourself or to members of your family or to a vendor. You know, a child might come to you and say, “We need…I want this.” Instead of saying, “We can’t afford it,” it’s a lot easier to say, “It’s not in our plan just yet.” And it comes…it’s a useful word when you’re discussing, as somebody mentioned earlier, to call up - I think it was Erika who said that you can discuss with a lender your interest rate. Say, “Look, this interest rate that I have right now is not fitting with my plan. Do we have any wiggle room? Can we do something?” It’s completely appropriate.

Budget sounds [like] “Oh I can’t afford it,” and it feels like a social stigma. So anyway, I was going to try to give you seven steps to try to have a plan, but I think most of the things that I would provide in terms of guidance, most of them really have been provided very well by the people before me. So what I’m going to try to do is give you a point of view and some more holistic tools that should keep peace in the household, whether you live by yourself or as a family.

First, you want to prioritize what you need. You all know this. You need first shelter, then food, then sleep. You need exercise and you need a vacation. You need entertainment, whether you take the vacation in the form of a night at the movies. I think it was Erika who mentioned, you know, make a distinction between what really are luxuries and what really are necessities. So there are many luxuries that we have that are disguised as a necessity.

I bring my lunch to work every day, but I also go out and buy a latte. A latte is not necessary, but if I--it’s a luxury--but if I don’t have it, I feel like I missed something. So you need to make some decisions to achieve your goals. And I think it was mentioned by Rebecca that it’s a good idea to -- I think it was mentioned by Rebecca -- to go to the library.
I go to the library to borrow DVDs. It’s free. You can also get at the library passes to museums. We have that here in the Boston area. I don’t know, you have to check with your local library, but most libraries have passes for aquariums and so forth and museums, which really saves a lot of money when you have a few children.

Somebody already mentioned you don’t need to buy every book. In fact, it’s a great idea to stop buying books altogether. They have places called libraries that have all these books. I don’t know anybody that reads a book more than once. I have a lot of books I haven’t even read once. I don’t dare throw them away because, God forbid, if I throw it away, I’ll want to see it, so… but let me give you an idea about entertainment.

When you’re putting together a plan, and you’ve done the things that Erika and Rebecca have told you to do -- you’ve taken a photograph, you’ve made a notebook, you’ve looked at where your money is going--so what you want to do is you want to ask yourself, “How do I want my personal profile to look in ten years?” Or if you’re a little bit older, maybe you want to say, “How does my…how do I want my profile to look when I’m 75 years old? How do I want to live my day? What do I want to be doing during the day?”

It sounds, you know, very far fetched, and…but if you try to write it down, where do you want…what do you want your profile to look like? How much money in the bank? How much do you want your mortgage payment to be? Do you want to own a home? Do you want to rent?

If you try to come up with a picture, which you can always change, say, “This is where I want to be in ten years. Okay, what do I have to…where do I have to be in five years so that I can be there in ten years? What do I have to
accomplish at the end of next year -- at the end of the next 12 months -- so that I’m on track for the five year plan?”

And you keep bringing this back -- six months, five months, four months, three months, one month, three weeks, two weeks, next week. All of a sudden it starts to gel. It works. If you really appropriate this idea and attach yourself to it, it works.

Now when you look at things you do to make yourself feel good--like go to the movies or pay for premium channels--make a decision. “Do I…” - if you’re squeezed right now because costs are rising faster than your income is, so make a decision -- “Do I need the movie experience every month?” or “Do I need the HBO experience every month?” Some people won’t agree with me, but beer, cigarettes, liquor and soda they don’t supply nutrition. They are not necessities. You might like them, but they’re not something you need.

McDonald’s could be the most inefficient source of nutrition there is. In fact, if you buy - you all probably know this--but when you buy food that hasn’t been processed, it’s less expensive than food that has been processed when you identify the nutrition that you get from processed food. So you want to avoid expensive, processed food. The truth is pizza, French fries, are poor choices. Fresh vegetables and water are really better choices.

And when you have identified many of the things that you’re spending money on, if you’re married and you go to your spouse and say, “Look, we need to spend” -- and this is an important move -- “we need to spend less money than what we’re bringing in. And right now because things have changed, we’re spending more than what we’re bringing in, so we need to change our spending patterns and we need to cut back.”
You need to identify a dollar amount and then let your spouse make a choice, because what’s important to one person may…the other person may not necessarily see that. And I’m sure some of you probably have said, “If he thinks I can cut out cigarettes, he’s out of his mind.”

But there are other little things you can do. Some states offer discounts for continuing education for driving. Continuing education. Like here in Massachusetts, if you have a motorcycle and you take continuing education offered by the state for a motorcycle license, you get a 10% discount on your insurance. That’s an example of things you can do to reduce your costs.

I want to wind it up so there’s an opportunity to ask questions, but I want to say a couple things. My son at the end of his freshman year in college brought home a great book. It’s titled *The Power of the Word No*. It’s a great word to use when people say, “Hey let’s go buy this,” or “Let’s….” You just say “no.” Instead of saying “It’s not in my budget,” just…or “I can’t afford it,” just say, “It’s not in my plan. It’s not part of my plan.”

And by the way, dessert, when you eat out -- when you do eat out -- that’s really the most expensive part of the dinner, and you can really save a lot of money by not ordering dessert or coffee or stuff like that.

And if you do travel out of the country - this won’t save you money, but it can help you out--you should call the credit card company of the credit card that you’re carrying and let them know that you’re traveling out of the country. That way they won’t stop your credit card on a fraud alert.

And don’t bother buying any currency here. Just pay for your stuff with your credit card when you buy things overseas. The credit card company usually gives you the best exchange rate.
And one last thing. It feels good to go shopping. I know that. Don’t use a credit card. You know, if it’s in your budget that this week you have $100 to spend any way you want because of savings you made in other areas, take the $100 in cash and use that to go shopping. And if you don’t spend it all, of course keep it. And if you’ve exhausted it, that’s it. Don’t spend any more. You know, if there’s some beautiful bag or a pair of shoes that you definitely have to have and you don’t have the cash for it, just say no. There will be other beautiful shoes and beautiful bags. Thank you very much.

Jane Walstedt: Thank you, Warren. How about sharing a dessert instead of cutting out dessert? I don’t know if I can do that – that I’m so disciplined that I would cut out desserts, but I think sharing might help the waistline too. You were talking about nutrition.

Warren Strauss: That’s right.