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The Perfect Burger, p.156

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BABY MIRACLES

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Alex Kingston



Celine Dion and son

Spend less, be happy

Forget about keeping up with the Joneses. America's newest penny-pinchers are living well below their means—and so can you!

by Bob Trebilcock

What does it really mean to live below your means? Last October, we profiled four families who had made a conscious decision to spend less than they earn so that they could bank away money for the future. After our story ran, we were flooded with e-mails and letters from readers hungry for more information. So we decided to revisit this latest trend in financial fitness and found that it appeals to an even broader spectrum of people than we thought.

It's true that LBYM enthusiasts are thrifty, known for obsessively clipping coupons and making their own baby wipes. But this time around, we discovered that big financial decision-making—paying off a mortgage early or starting a small business—is also a vital part of their strategy. A combination of long-term planning and creative budgeting



means our penny-pinchers can look forward to peace of mind tomorrow while they enjoy a calmer, less materialistic lifestyle today. For inspiration, read on.

MICHELE AND PAUL BERNASCONI,
Albany, New York



Ages Michele is 35, Paul is 37
What he does Professional pilot

and guardsman for the Air National Guard
What she does Homemaker
Children Katherine, four; Anna, two; one on the way
Family income \$48,000
Monthly expenses Mortgage, \$2,200 including taxes; utilities, \$200; groceries, \$400; medical expenses, \$150
Savings \$200 a month plus \$3,000 a year for retirement (to supplement Paul's pension plan)
Spend less, be happy goal College educations for their children
For richer, for poorer When Michele and Paul married five years ago, they decided they would keep track of every dollar they spent each ▶

month. "Everything was fine until we got to a line on my list called 'hair care,'" Michele says, laughing. "I was spending \$80 a month on products for my curly hair. Paul was in shock!"

But hair care wasn't the only culprit. The couple discovered they were overspending in a number of areas. So they agreed to make some cuts. One of the first things to go: extravagant gifts for family and friends, which accounted for about \$200 a month, according to Michele. "Now that's down to \$75," she says. "I start shopping for next Christmas during the after-Christmas sales, and I regift when it's appropriate." What about her hair products? She cut back to \$50 a month by buying them in bulk when they go on sale.

Planning ahead The Bernasconis know that the best way to avoid budget-killing impulse buys is to plan ahead. The couple comparison shopped and bought a four-year-old Toyota Land Cruiser before they had children. "We didn't need it then, but we knew it would come in handy when we had kids," Michele says. The couple waited until the end of the summer planting season to landscape, buying \$800 worth of trees that had been marked down to \$200.

Save a little, save a lot Michele and Paul put a couple hundred dollars a month into a savings account for the kids' education. Small economies make this possible. Videos come

from the library, not from the video store. Vacations are planned around visits with family or friends, entertainment around free concerts in the park. "Put it this way," says Michele. "My friends who don't make these choices are all in debt."

So cheap, it's embarrassing Signing up for cable specials—such as two months of digital cable for half price—then canceling at the end of the offer. "We have a tickler file of things like that," says Michele.

Biggest splurge "Our house, which is more than we need now. But it's in a good neighborhood where we want to send our children to school," says Michele.

DONA AND SCOTT BARCLAY

Tempe, Arizona



Ages Dona is 43, Scott is 47

What he does Gymnastics coach and the co-owner of Gym Time Gymnastics club

What she does Homemaker, tax preparer, and the co-owner of the club

Children Riley, 13; Briana, 11

Family income \$60,000

Monthly expenses Mortgage, paid;

utilities, \$80; groceries, \$130; eating out, \$100; health and life insurance, \$450

Savings Most of the family's excess cash goes toward payments for a new, 31,000-square-foot building that will house the gymnastics club. They also contribute 3 percent of what Scott earns to a retirement account.

Spend less, be happy goal Build a successful business

Don't call them cheap "We use the word 'sensible,'" says Dona. Whatever they call it, strict budgeting and smart planning is what helped the couple survive when Scott lost his coaching job (and \$19,000 salary) at Arizona State University ten years ago. In addition to Dona's \$20,000 salary, the couple received monthly rental income from a house that Scott and his father had bought when Scott was in college. Thanks to that income and a nice-size nest egg, Scott didn't have to scramble to find another job. Instead, he went back to school, and later the couple bought the gymnastics club.

Debt is a sin The Barclays never pay interest if they can help it. "It's like throwing your money away," says Dona. Credit card balances are paid in full every month, and the couple paid cash for a 1995 Toyota Previa with 170,000 miles on it.

What's more, the Barclays have no mortgage. They paid off their ▶

Three small steps to help you save big

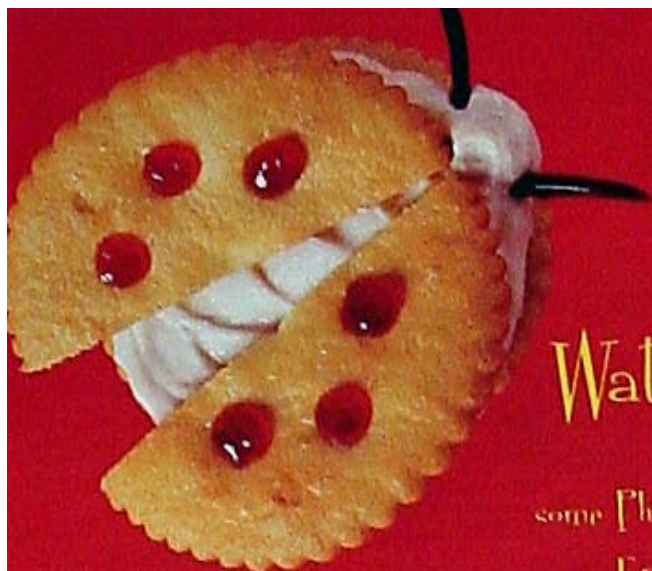
"Savings is a state of mind," says Annette Economides, who, with her husband, Steve, publishes the newsletter *The Home Economist*. "If we practice saving on little things, we'll use the same habits on the big expenses." Here are three tips to get you started.

• **MAKE A WISH LIST** Anything you see in the store and think you can't live without goes on this list. Then wait. If the item has lost its appeal, you've just saved yourself lots of money.

• **RETURN OFTEN** Always keep your receipts so you can return an item if you discover you're not using it. You'll soon see how much you spend on impulse buys.

• **KEEP A GIFT CLOSET** Store items for regifting along with reusable wrapping paper.

For a sample issue of the newsletter, log on to www.homeeconomiser.com or send a self-addressed stamped envelope to Home Economist Sample Issue, P.O. Box 12603, Scottsdale, AZ 85267.



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house, which they bought in 1992 for \$89,000, in just seven years. "When my kids were little, I used cloth diapers and made my own baby food," Dona recalls. "I rinse out plastic bags, and we don't have cable." Meanwhile, Scott installed solar panels in their home, virtually eliminating heating bills.

Big splurge A camper for weekend trips. The couple got it free from a friend, then spent \$4,000 on repairs.

ALISON AND BRIAN WORKER
Castle Rock, Colorado



Ages Alison is 43, Brian is 41
What he does Sells wine cellars

What she does Homemaker
Children Caleb, nine; Ethan, seven;
Aubrey, 20 months

Family income \$40,000 to \$50,000,
depending on bonus

Monthly expenses Mortgage, \$1,175
including taxes and insurance;
utilities, \$200; groceries, \$400;
health insurance, \$600; \$80 for
ongoing medical treatments for
Alison, who has lupus

Savings Ten percent of their income
goes to a retirement account, and last
year the couple socked away about
\$5,000 into savings. Any bonus
Brian earns goes into the bank.

Spend less, be happy goal A budget
that allows Alison to continue
being a stay-at-home mom

Learning to be thrifty When Alison
married Brian, she was a corporate
trainer with a good salary and
spending habits to match. But
when they started a family, the tug
to stay home was strong for Alison.

"My job now is to be the caregiver
to my kids and to save us as much
money as possible," she says. "But I
try to make it fun."

Five mouths to feed Alison buys
groceries (including cleaning sup-
plies) for a family of five for a
miniscule \$400 a month. The
Workers save money on meat by
buying and freezing a quarter cow
from a local rancher. "We get ham-
burger and filet—all for \$3 a
pound," says Alison.

She also practices "once-a-month
cooking" with four other families.
The group buys in bulk from
Costco, then begins chopping, dic-
ing, and browning at 8:00 on a
Saturday morning. By late after-
noon, they're ready to divide and
freeze the meals. "Last month, we
spent \$112 for 18 dinner meals that
served a family of five," Alison says.
"That's \$1.24 per person—and we
had leftovers for lunch."

Shoes on a shoestring If Alison sees a good deal on clothing in larger sizes than her kids wear now, she buys and saves the items for later. She recently went on a \$150 used-clothes spree. The haul would have cost \$350 new, she says.

Pottery Barn knockoff Alison once spent five months searching garage sales for a Mission-style coffee table like one she had seen in Pottery Barn. "I found one that was the right size but the wrong color," she says. "I talked the seller down from \$15 to \$7. Then I checked out books from the library on refinishing furniture. I stripped it, sanded it, and stained it." Total investment: \$20.

Saving and sharing The Workers give 10 percent of their earnings to their church. "Scrimping allows us to help provide for families that really need it," Alison says. "That's the biggest kick in the world." ■

Thrift tips from our readers

In July 2003, we offered readers a chance to make money by telling us the clever ways they save money. We received hundreds of responses. The following advice is a sample from our winners.

FIRST PRIZE (\$250)

THE LUNCH CLUB "Four of us at the office routinely eat together. We all wanted to save money by brown bagging, but we dreaded the idea of peanut butter sandwiches. None of us felt like we had time every day to pack something better. We decided that if we took turns bringing lunch for all four people, we would have plenty of variety with minimal time in the kitchen. Over the course of the year, we saved about \$350 each." —Sue Dresher, Wichita, KS

RUNNERS-UP (\$50 EACH)

CHEAP TREES "When you send in \$10 to become a member of the National Arbor Day Foundation, you'll receive ten complimentary trees. Write to 100 Arbor Avenue, Nebraska City, NE 68410, or visit their Web site, www.arborday.org."

—Anna Camp, Atlanta, GA

LOWER INSURANCE PREMIUMS

"If you rarely drive outside the neighborhood, contact your auto insurance agent and ask about a 'recreational use' policy. You could save 10 percent or more on your insurance bill."

—Cindy Kaye Cook, Shawnee, OK

FREE SEATS "Volunteer as an usher at your local theater so you can see the show for free."

—Marcia McGinnis, New Albany, OH



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