

**WTNS Radio OSU Extension Update for April 18, 2022**  
**Healthy People. Healthy Finances. Healthy Relationships.**

On today's OSU Extension update for Healthy People, Healthy Finances, & Healthy Relationships we'll talk about strategies for saving money, and as always look at some upcoming programs from OSU Extension.

I've referenced a book here before written by Barbara O'Neill, longtime Extension Specialist in Financial Resource Management for Rutgers Cooperative Extension. The book is "Small Steps to Health and Wealth" and it takes a very in-depth look at habits that influence the outcomes of our health and wealth management.

One of the principles is to meet yourself halfway. This means looking for ways to use half of what you normally would and use the other half of that money for something different. Do you think you could cut your discretionary expenses in half? Not your fixed expenses like loan payments or the things you truly need. But what about all the money you spend on things that you want?

Remember learning about opportunity cost in economics or government class? Each time we decide to spend our money, we are also giving up the opportunity to do everything else with it. It sounds too simple, but the basic fact is that if we spend less, we can save more.

O'Neill shares that the strategy of "finding" money to save by reducing small expenses has been referred to as The Latte Factor™ by David Bach in his book The Automatic Millionaire. "The Latte Factor" is a trademarked phrase that uses fancy \$4 coffees as a metaphor for all types of frivolous discretionary spending that adds up over time. In the book, Bach describes a former student, with a \$5-a-day double nonfat latte and nonfat muffin habit. Figuring a 10 percent annual return on this money, if it were invested instead in a 401(k) with a 50 percent employer match, this 23-year-old at the time, could have about \$1.7 million at age 65.

Financial experts recommend tracking household spending for a month or two to identify "leaks" and to "find" money to save or to reduce debt. Most people have a false sense of their spending because they rely on a quick glance at their credit card statements and bank account statements, usually online, to reveal where their money is being spent.

Because we spend money daily, and some as cash, most people do not have an accurate record of where all their money goes by the end of a month. An average person spends money 3 to 5 times a day, or about 120 times monthly. Keeping track of both the small and large items you buy will provide an accurate expense record.

Here are some other “half” suggestions to help with personal money management:

- Every time your salary increases, contribute half to an employer savings plan - like a 401(k) - and keep half as a pay raise. Saving half of a 3% raise, for example, will increase your payroll contribution by 1.5%. As soon as a raise becomes effective, sign up to “save half and spend half.”
- At the beginning of each year, mark your paydays on a calendar and identify the months with “extra” paydays. If you are paid weekly, there are four months with five paydays. If you are paid biweekly, there are two months with three paydays. Monthly expenses usually stay about the same each month, so use at least half of the “extra” income to increase savings or reduce debt.
- Review expenses deducted automatically from your checking account, such as streaming subscriptions, and decide whether you are getting your money’s worth. If not, select a reduced cost option or eliminate the expense entirely.
- Save at least half of all windfalls (e.g., tax refunds) or use them to pay down outstanding debt.

And now let’s look at some upcoming programs from OSU Extension. Do you enjoy cooking? Would you also like to know time-saving tips to maximize your efforts in the kitchen? Join OSU Extension for “Kitchen Gadgets and Gizmos” on Monday evening, May 2 from 6:30-7:30 PM at the Clary Garden Pavilion. I’ll be sharing tips collected from OSU Extension educators, focusing on affordability, food safety, and convenience. Bring along your favorite kitchen tool or cooking hack and we’ll learn from one another. You can find details about future programs related to financial wellness, food preservation, diabetes, and more at our website [coshocton.osu.edu](http://coshocton.osu.edu).

In closing, at OSU Extension, we are proud to work for Coshocton County to help educate and improve our families, farms, and businesses. Please feel free to contact OSU Extension for more information at 740-622-2265 or visit our website at [coshocton.osu.edu](http://coshocton.osu.edu). Make it a healthy day!