

MEET YOURSELF HALFWAY

*There are two ways to meet difficulties.
You alter the difficulties or you alter yourself to meet them.*

— Phyllis Bottome

If you want to improve your health and build wealth, **I**downsize your eating and spending. This does not mean being deprived of things that you enjoy. People can lose weight and still eat their favorite foods by decreasing their portion sizes. A comparable financial example is reducing spending on “discretionary” expenses such as meals eaten away from home, clothing, and lottery tickets. In other words, not cutting out these items completely but spending half of what you did before. Any reduction in calories (to lose weight and reduce the risk of disease) and spending (to save money or reduce debt) is a step in the right direction and the “meeting yourself halfway” strategy can make a real impact over time.

Downsizing portion sizes is a great way to counteract the “super-sizing” trend in food and beverage marketing that has taken place over the past two decades. For example, in the mid-1980s, typical bagels were three inches in diameter and had 140 calories. Today, they are six inches in diameter with 350 calories. Similarly, bottles of soda have mushroomed from 6.5 oz. and 85 calories to 20 oz. and 250 calories. Large portion sizes are so common today that many consumers view them as “normal,” even though they greatly exceed the serving sizes seen on nutrition labels. For example, a 20-oz. soda has 2.5 servings but most people drink it as one. Taking steps to decrease portion sizes will help cut your caloric intake.

Many people were raised to eat everything on their plates. Research indicates that people who are served more often eat more. In one study by Dr. Barbara Rolls, author of *Volumetrics: Feel Full on Fewer Calories*, subjects ate 10 oz. when offered a 16-oz. portion of macaroni and 15 oz. when offered a 25-oz. portion, a 50% increase! Meeting yourself halfway is a simple way to fight back. Pick several foods and beverages that you consume every day and eat or drink half your current portion size. If you are used to eating two 90-calorie chocolate chip cookies at lunch, eat one. Ditto for that one-cup dish of

ice cream. Eat a half-cup. Pay attention to nutrition facts labels on food and use them to determine how many calories you are eating from a food item. You can also determine how many calories are saved by eating half a package now and saving the other half for later. Often, a package of food contains several servings anyway. Check to see how many servings are in the package.

Creating a “calorie deficit” of 500 calories per day by reducing calories, increasing physical activity, or a combination of the two (e.g., 300 fewer calories eaten and 200 more burned with exercise), is the most effective route to long-term weight loss. Below are other ways to eat smaller food portions. Review these strategies and then fill out Worksheet 14, *Meeting Yourself Halfway—Health*, on page 49, to determine how you will meet yourself halfway to reduce the calories you consume.

- Order lunch portions, half portions, or appetizers at restaurants, instead of entrees.
- Order an entrée and take half home for another meal, which also saves you money.
- Order an entrée and share it. The “plate charge” is usually cheaper than another entrée.
- Eat one half of any packaged food item (e.g., cookie) instead of the entire item.
- Ask for sauces and dressings “on the side” so you can control the amount eaten.

When it comes to personal finances, apply the same principle. Cut your discretionary expenses in half. Spend less so that you can save more. This 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, Kim, with a \$5-a-day double nonfat latte and nonfat muffin habit. Figuring a 10% annual return on this money, if it were invested instead in a 401(k) with a 50% employer match, Kim, who was 23 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. Because we spend money daily, 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. This includes small purchases, such as a pack of gum, as well as larger expenses, such as a mortgage payment, a car payment, or rent.

One way to understand how you spend money is to keep an account of every transaction. Worksheet 2, *Income and Expense Log*, page 19, provides a way to record expenses. Keeping track of the small items you buy will provide an accurate expense record. Many small cash purchases, such as lottery tickets, parking meter money, train tickets, coffee break items, gum, and cigarettes, can add up to considerable monthly amounts. Categorizing expenses will help you see the different areas in which you spend money. You can also calculate what percentage of your income is spent on various items.

Review the additional strategies below to “meet yourself halfway” to increase your wealth. Then, use Worksheet 15, *Meet Yourself Halfway—Wealth*, page 50, to make plans to reduce your expenses.

- Every time your salary increases, contribute half to a 401(k)—or other employer savings plan—and keep half as a pay raise. Saving half of a 4% raise, for example, will increase your payroll contribution by 2%. 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 don’t increase much during these months, 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 gym memberships, telephone calling features, and premium radio and television channels, and decide whether you’re getting your money’s worth. If not (e.g., you haven’t been to the gym or watched a movie in four months), 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.

— Action Steps —

Health

- Identify a daily calorie savings of at least 100 calories by cutting food and beverage treats in half.
- Purchase a pocket calorie counter book to track the calories in foods that lack nutrition labels.
- Use smaller plates so that servings don’t look so small with reduced portion sizes.

Wealth

- Track spending by writing down every cent you spend and then identify daily discretionary expenses and cut them in half.
- Check the websites WWW.AMERICASAVES.ORG and WWW.66WAYS.ORG for money-saving ideas.
- Institute the “24-Hour Rule.” For any expense over \$50, delay spending to give yourself a day to think about it. Ask yourself: “Is this expense a need or a want?” and “How do I plan to pay for it?”

Worksheet 15

Meet Yourself Halfway—Wealth

Household Expense Item	Current Spending/Month	Half of Current Spending	Dollars Saved/Month
Total			