

Relative Frugality

I have a confession to make. I'm not frugal. I used to be. In fact, I was pretty frugal for a good portion of my life. Maybe I still am in the view of many physicians, since I drive a 13 year old car I bought for \$4K four years ago. But I don't see myself as frugal at all. However, what I am, and what most physicians need to be if they hope to be financially successful, is to be relatively frugal. Luckily, being relatively frugal requires far less discipline and deprivation than actually being frugal.

There are dozens of books in the library (since frugal folks don't actually buy books) and blogs on the internet that encourage you to be frugal. They teach you how to find coupons, how to reuse dryer lint, how to pay for cheap dates, how to get a deal on a used car, how you can set your thermostat at 86 in the summer and 62 in the winter by using fans and sweaters, and how to reuse paper towels and sandwich baggies. Some, such as one of my favorites, [Mr. Money Mustache](#), even advocate that being frugal will not only make you [happier and healthier](#), but [save the planet](#) at the same time. The Mustachian philosophy is basically that you should teach yourself to desire less so you can be happier.

Buying Happiness

The problem with that philosophy is that it isn't true. Spending less DOESN'T always make you or me happier. Now, don't get me wrong. I'm a huge advocate of spending your money on what makes you the most happy. If you care about having nice cooking equipment but don't care if your bicycle is a beater, then you know where to spend the money. If you like

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eating out but don't enjoy expensive resort vacations, then spend your money in your local restaurants. However, spending money properly can pay huge happiness dividends.

A rectangular advertisement with a green border. At the top, the letters "DRB" are written in a large, gold, serif font. Below this, the text "Got student loans? Refinance!" is written in a bold, green, sans-serif font. A dark green horizontal bar contains the text "Rates Start at 1.92%" in a gold, sans-serif font. At the bottom, the text "\$300 bonus to WCI readers who click the image above" is written in a smaller, green, sans-serif font.

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As regular readers know, my wife and I spent a couple of weeks in France this summer celebrating our anniversary. We had a wonderful time. We spent with reckless abandon. We took a direct flight. If we wanted to do something, we did it. If we wanted to eat something, we ate it. Instead of taking cheap trains and staying in hostels, we drove (paying a small fortune in rental fees, gas, tolls, and speeding tickets) and stayed in bed and breakfasts and nice hotels (well, except for one in a small town in the Alps.) The psychology literature is pretty clear that spending on shared experiences with people you care about does make you happier. So let's quit pretending it doesn't.

I also bought a fancy new, expensive mountain bike this year. Compared to my twenty-year old aluminum hardtail, riding this bike is like an entirely new sport. The bike practically drives itself over rocky obstacles. Riding it really makes me happy. I'm sure other people feel the same about their luxury cars or clothes. Sometimes stuff makes you happy too.

You also don't get to take your money with you when you go. When was the last time you saw a hearse with a trailer hitch? I'm sure I'll leave some money to my heirs and my favorite charities (not to mention I also give to others and charities as I go along.) But it seems a shame to make a physician salary and spend 80 years living like you're a resident. Luckily, you don't have to do this to be financially successful. What you do have to do, however, is be relatively frugal.

Relatively Frugal



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Being “relatively frugal” means being frugal relative to your income. If you're putting away 20-40% of your gross income toward savings, retirement, college, and other long-term goals, then it's okay to spend the rest. Take a doc making \$400K who has paid off all of his student loans, has his mortgage half paid off, wouldn't dream of carrying a balance on a credit card, and is putting \$100K toward retirement each year. He might be paying another \$80K in taxes and giving \$20K to charity each year. That still leaves him with \$200K, or \$16,667 per month with which to do whatever he likes. You can buy a heck of a lot of stuff and experiences with nearly \$17K a month.

If he hates his job, he can live on a third of that and put the rest toward becoming financially independent by 40 or 45. If he enjoys his job, he can spend it all and shouldn't feel a bit guilty about it since he's still on track for an early, comfortable retirement. Relative frugality. That's the key. And it works whether you're making \$50K, \$150K, \$250K, or \$750K. So residents, young attendings, and their spouses, fear not. Make the right decisions early on and eventually you can be "relatively frugal" instead of "just frugal."

What do you think? Are you frugal? Why or why not? Are you frugal relative to your income? How did you decide how much of your income to spend? Am I an idiot for spending more on my bike than my car? Comment below!