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Seven ways to slash your spending this year

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Every time I drove by a mall in December the parking lots were jammed. The few times I had the misfortune of actually being inside a mall, I saw a lot of people doing a lot of spending. At one Toronto mall, there was even a lineup outside luxury jeweller Tiffany & Co. While I question the wisdom of waiting in line for the privilege of paying retail jewellery prices, it was strong anecdotal evidence that Canadian consumers were feeling flush.

Now Canadians are feeling something else. According to a recent Manulife Financial poll, a record number of us are focused on tackling our debts. Nearly 30 per cent of Canadians say their top priority is to pare back their consumer credit, up from a low of 20 per cent heading into 2008.

If you're among those trying to wrestle your debt into submission and looking for extra money to do it, look no further than your current spending.

"It is important to focus on changing spending habits and setting financial goals in order to succeed in paying off your debt," says Jeffrey Schwartz, executive director of Consolidated Credit Counseling Services of Canada.

Chances are you can cut a lot out of your average monthly expenses. To get you started, here are seven ways you can try to slash your spending this year.

1. Track your spending.

The first step to slashing your spending is to track it. You need to know how much is going out the door and what the money is buying. I recently had the opportunity to ask personal finance guru [Gail Vaz-Oxlade](#) what tools she recommends to track one's spending, given the broad array of mobile apps out there for this purpose. A book and a pen, she laughed. Every month, put your paycheque at the top of the page and then deduct all of the expenses you expect, such as your mortgage, hydro, gas, insurance and savings. The rest is what you have to spend during the month. Every time you use your debit or credit card, document that in your book. "It's one of the most liberating experiences to know where your money is going," Ms. Vaz-Oxlade says.

2. Stop using your credit cards.

This tip comes courtesy of Consolidated Credit Counseling Services. The non-profit agency recommends using cash when possible to pay for food, clothes, utilities, rent/mortgage and other necessities. At the very least, keep your credit card charges to a minimum until you pay off your holiday debt. Studies have shown that you tend to spend significantly less when using cash versus plastic.

3. Use coupons to cut your grocery bill.

Debbie Frye, general manager, Flyerland.ca, knows from experience that spending 15 minutes online before you do your weekly grocery shopping can save you \$50. “Groceries are our highest expense. Pick three flyers and look for deals on what you’re buying that week,” she says. “As soon as you do it and save some money, you’ll get hooked.” Expensive items such as detergent often go on special, or you might find a coupon you can use. “If you buy pork tenderloin, one of the stores may have a special and it’s significant. You can spend either \$14 or \$6.99 on pork tenderloin.”

4. Use loyalty cards.

Ms. Frye uses supermarket loyalty cards as a way to gain points to use toward products and save money on future shopping trips. I’m a fan of the Shoppers Drug Mart Optimum card. I stock up on diapers and baby supplies when they go on special at Shoppers, and use my reward points to get myself makeup and facial moisturizers. The points you get through the Airmiles and Air Canada Aeroplan programs can also quickly add up and can be redeemed for a wide variety of merchandise, from toys to electronics to spa treatments. You can use these points to cut next year's gift spending.

5. Avoid impulse buys.

Obviously, a sure way to reduce spending is to limit your opportunities to spend, so stay away from stores. “Canadians should not be digging themselves further into debt and look for ways to resist the urge to splurge on items that are not absolutely necessary,” Mr. Schwartz says. The most dangerous time for me is late at night when I’m surfing online and start checking out my favourite discount clothing sites. I now stick to news sites when I’m tired and know my defenses are down.

6. Buy in bulk.

This one only works if you’re very disciplined, but those who excel at bulk buying say it’s worth it. “I save money and never run out at the last minute to get detergent,” says Ms. Frye, who often finds the best bulk deals at regular grocery stores rather than the bulk store in town. If you know your prices, you’ll be able to find good bulk deals on items such as paper towels, toilet paper, garbage bags and sandwich bags. When you buy in bulk, you can consider changing brands to get a better price, but be sure to try it out and see if you like it first.

7. Be creative about spending your free time.

Consolidated Credit Counseling Services suggests swapping expensive theatre outings for family game nights or family time at the local community centre. If you do want to treat the family to a movie, go during the week when it's less expensive, instead of on a Saturday night. For avid readers, make better use of the library instead of buying books or check out your favourite magazines online. A tip from Ms. Vaz-Oxlade is to purchase audio books instead of the bound versions – they're much cheaper and can make a long commute fly by.