How this family got out of debt by changing their lifestyle (Readerâ??s Letter)

Description

One of the biggest rewards from maintaining this financial blog is when readers write to me to share their own success stories, and recently I received a story so touching that I couldnâ??t not share it. After all, thereâ??s no greater joy than the knowledge that yet another person has managed to overcome their cashflow issues and is on their way to financial freedom. This reader agreed to let me share her story here, and went another step further to detail the tips she adopted to go from debt-ridden to debt free and happy.
If we could do it, so can you!



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Dear Dawn,

I chanced on your famous â??How I Saved $20,000 in a Yearâ?• post in 2015. At that time, I just had a second baby and we were cash-strapped due to pregnancy complications and a C-section. The only infant-care that would take my baby cost me $900 a month, and my elder kid who is in primary school needs a lot of help in Maths, so I had to spend hundreds on tuition because teaching her was straining our relationship. Living paycheck to paycheck is so real.

When I chanced upon your life changing post, I thought, if a young girl shouldering student debt could do it, why canâ??t I?

I followed your advice â?? opened a separate bank account, tracked expenses, cut expenses. I even sold off my Nespresso machine and switched to instant coffee.

I started small, putting aside $50 a month and never touch it, till $100. At the same time, I looked to increase my inflow. Jumped out of my comfort zone, and challenged myself with a new portfolio (of coz, bigger paycheck). And I manage to increase my savings to $300, and now, almost 30% of my take home pay (not easy to save when you have dependents sia). I encouraged my husband to do the same.

Today, just barely 2 years after reading your post, we are debt-free and have a comfortable emergency fund.

It is locked in the SSBs, a â??money pinataâ?• where we go to for not-so-emergency matter (like repair aircon). And even saved up enough to go on a family vacation to Japan this Dec. (Still trying to get my hand on investment, start small ya? =D)

Maybe I also give you a list of major expenses we cut in case people donâ??t believe it is possible to achieve in 2 years (just by selling off Nespresso? No way! =p). But disclaimer first hor, I started with car loan as my only debt, and we are fortunate enough to have stable salaried jobs that pay bonus, so I guess that helped in accumulating money fast. Below are the things we cut down:

â?? Make plan to scrap our car (it was scrapped recently) and switch to Uber/Grab. We were gradually able to increase our saving coz we donâ??t need to put aside money for car insurance, road tax or car maintenance, now we are saving even more after bidding our car goodbye.

â?? We dumped almost all our bonus into saving, this is one key factor that bumped up our saving. It is very very painful not to use our bonus at all. It is likeâ?¦ work-so-chum-for-1-whole-year-cannot-even-pamper-myself kind of feelingâ?¦

â?? Cook steak at home instead of going restaurants, unless got good lobang to dine out.

â?? Pack our own lunch.

â?? Ask our friends to do potluck house parties instead of going out to party.

â?? Shop smarter thanks to your recommendation on good credit cards to use, shopbacks etc.

â?? Switch from premium brands to house brands. (Auntie tip: Redmart paper towels are quite good and Watson handwash smells lovelyâ?¦)

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â?? Wait for movie to be release on demand instead of catching it in cinema.

â?? Limit shoppingâ?¦ (T^T) Painful at first, but rewarding now!

â?? Sell everything that were collecting dust. I sold my entertainment set, Wii, books, and even freebies I got from buying milk powder.

In summary, it was actually a lifestyle change that helped us to cut expenses. But surprisingly, we are OK with it. We had thought some things were a necessity (eg, a car coz we need to ferry the kids), but it turned out that there are alternatives.

You are the kind of (virtual) friend whom will gave me a slap when I need reality check, I believe I would not be here today without you.

Thank you Budget Babe for your blog, I believe there are many ordinary people out there that benefit from your blog. Do keep on writing!

Warmest regards,
J
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When you see a blog post talking about saving money, how do you react?
Do you think, â??wahlau who is this Budget Babe who is she to judge me for spending my money. MY MONEY WHATâ?• or be quick to criticise and call the article as rubbishâ?¦
â?¦or do you contemplate on the tips and put them to good use?
At the end of the day, the only one who can make a change in your life is yourself.
With love,
Budget Babe

Category

1. Savings