



A JOYFUL JOURNEY TO
FINANCIAL FREEDOM

How to Live Frugally, Conquer Debt, and Still Enjoy Life



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Choosing a Path of Frugal Living

Many people search for ways to save money and pay off debt, but the path to financial freedom can seem daunting and even scary. You may feel like you have to give up all your luxuries, hobbies, and happiness in order to live a frugal life.

If you're not naturally a thrifty person, the idea of setting a budget may feel like a prison. You may want to save money, but you don't want to have to make major cutbacks or give up the things that you love. You may be thinking that you can't really enjoy life and be frugal at the same time.

It's true that being frugal means making some changes to the way that you spend. You may even have to give up a few things that you enjoy, but the good news is **you can be frugal AND enjoy your life. These two things are not mutually exclusive!**

This guide will teach you how you can save money, live within your means, and still take hold of what life has to offer.

You won't have to give up everything you care about in order to live within your means and start putting some money into the bank.

What's the Benefit of Living Frugally?

Why do people want to make the switch to the frugal life? Why would you want to make any financial changes to your life? What is the incentive for spending less or giving up certain luxuries?

These are important questions! Let's look into this further. You might find that some of these reasons resonate with you too!

Here are some reasons why many people choose to stop spending and start saving:

1. **They're not making enough money. For many, the reason to live frugally isn't actually a choice at all.** Those who see more going

out than coming in are often forced to reevaluate their spending. They may try to maintain a certain standard of living but simply aren't able to keep up.

2. **They lost their job.** Others may find themselves suddenly forced into looking for money-saving ideas because they recently lost a job. A loss of income makes you take a good hard look at your finances and determine what needs to stay and what needs to go.

3. **They have a large amount of debt.** Paying off debt is another big reason people start looking for ways to save money. Credit card debt, school debt, car loans, and mortgages cost thousands of dollars in interest over time. **Many**

people are searching for ways to pay off that debt as soon as possible.

4. **They want to put money aside for large purchases.** People who live frugally are more able to save up for big purchases that they really want or need. For example, when the oven goes out, they already have an emergency fund set aside to replace it.
5. **They want to have money available for experiences. Many other people want to live frugally so that they have money freed up to do the things they really enjoy.** When they aren't tied down to a massive mortgage, they can enjoy other things like eating out or traveling.

6. **Some people save money so that they can help others.** Another good reason to live frugally is freeing up money to help people who are in need. Some people intentionally live a more modest life so they can be generous to others.

7. **To put money towards retirement.** Being frugal is often a choice for people who are forward-thinking. These people recognize the importance of saving for retirement even at a young age. Sometimes saving toward retirement can make it possible to retire early.

8. **For peace of mind.** Some people find that a lot of belongings, a big house, and multiple expensive vehicles lead to stress. This can be

stress from accumulating a lot of debt or stress from the need to make enough money to pay for an expensive lifestyle. **For some, owning less can make them feel more secure.**

For some, owning less can make them feel more secure.



Create a Realistic Budget

One of the first steps for saving money is to set a workable budget.

In the simplest terms, your budget is your spending plan. To form a budget, you take into consideration your income as well as all your expenses – both necessary expenses and optional ones.

There are *many* different ways to budget your money.

Consider these popular methods and choose which one works best for you.

Dave Ramsey Envelope System

Dave Ramsey is one of the most recognizable names in personal money-management. It's his goal to help people break the chains of debt and learn how to thrive financially.

Dave Ramsey promotes two kinds of budgeting methods. One is the Zero-Based Budget which we will discuss below. The other is the “Envelope System” which we will cover now.

The Envelope System is best used by those who prefer to use cash in their spending. In fact, this method works because cash is a physical tangible thing that you can hold. It's harder to spend your cash when you can see it depleting,

as opposed to a credit card which gives the illusion of endless funding.

So, what exactly is the Envelope System and how does it work?

The first step is to write down separate categories for the way you spend your money. This can include your necessary expenses as well as things you enjoy doing, like hobbies.

Some of these categories would include:

- Groceries
- Utilities
- Mortgage
- Entertainment
- Car Maintenance
- Travel
- Gas
- Clothing

For each category, you create a realistic budget for your income. For example, you may budget \$200 a month for gas. When you get paid for the month, you put \$200 cash into the gas envelope.

*Now here's the hard part. **This system requires some discipline on your part.***

Going back to your gas budget. Suppose before the end of the month you see that you're close to going over your gas budget. According to the envelope system, it's greatly discouraged to "borrow" from other envelopes to cover other expenses.

So, what should you do?

At this point, if you absolutely need to go over your gas budget so you can get to

work or for an emergency, you may need to break the system. But you should also restrict any kind of additional travel until next month when your gas budget is refilled.

You may need to reexamine your budget the following month and lower one expense in order to raise your gas budget.

Another solution is to take a good look at your travel. Was there a time that you could have carpooled? Did you take three trips to the store in one week when you could have taken one?

The envelope system is meant to help you not overspend and the cash visual is a really good way of showing you exactly how much you're spending.

This method can be really powerful, especially for those who are not used to budgeting at all.

A major drawback to this system is that it relies completely on cash when many expenses are paid online, and many people carry credit or debit cards instead of cash.

If this method doesn't appeal to you, there are other plans you can try, which we'll cover below.

The 50-30-20 Budget

The 50-30-20 budget is a pretty easy system to help you divide up your paycheck.

Here's the main idea. For every paycheck you receive, you divide it up into three main categories:

- Needs
- Wants
- Savings

You allocate 50% of your paycheck to essential bills, 30% to wants, and 20% to savings.

For example, let's say your monthly income is \$4,000 after taxes. That means you'd put \$2,000 towards your needs, \$1,200 towards things you want, and \$800 towards savings.

One of the important elements of this method is to determine what falls into the "wants" and "needs" categories.

The needs category includes basic things that you need in order to live. **Things on this list would include:**

- Mortgage Payment
- Car Payment
- Groceries
- Utilities
- Insurance
- Health Care

The “wants” category may include:

- Restaurants
- Sporting Events
- Concerts
- A New TV
- Vacations
- Gifts
- Memberships

What's nice about this budget plan is that it's really simple. The drawback of this plan is that it may not fit everyone's circumstances. For instance, you may not be able to spend 20% of your income on entertainment. Your income may be lower than that, or you might be living in a high-cost area.

This budget does a good job of setting up general guidelines for spending but may need to be tailored to fit your actual situation.

The 80-20 Budget

The 80-20 budget is similar to the 50-30-20 budget, but **it's even simpler.**

For the 80-20 budget you spend 80% of your income on whatever you want, and you put 20% into savings.

If you make \$1,000 a week, you spend \$800 on your expenses and entertainment, and you put \$200 into a savings account.

It doesn't require any kind of expense tracking or intense planning. It does require a certain amount of discipline knowing that you can't touch 20% of your income. However, after your essential bills are paid, the money is freely yours to spend how you want.

Some experts recommend that you put the money in a separate savings account that is not linked to your checking account. This is meant to discourage you from simply transferring it back to checking. It is also recommended to put some of the 20% towards investments and retirement savings.

The Zero-Based Budget

The Zero-Based Budget is another method that is championed by Dave Ramsey. The **idea is that at the end of the month, all of your money has a job and is fully accounted for.** You don't have any income coming in that you don't have a purpose for.

Here's how it works:

First, you write down what your take-home pay is after taxes.

Next, you list all of your monthly expenses starting with essentials like:

- Housing
- Utilities
- Groceries
- Transportation

- Clothing

Covering the basics first allows you to know what you have leftover for non-essential things like television, memberships, or coffee at Starbucks.

After you've accounted for your monthly expenses, you'll account for your seasonal expenses. Things on this list might include:

- Holidays like Christmas
- Birthdays
- Anniversaries
- HOA Dues
- Vacation
- Property Taxes (if they're not escrowed)

If you've budgeted for everything and you still have money left over, give it a purpose.

It might be a good time to pay down debt or put money into emergency savings. This keeps you from thoughtlessly spending extra money on things you don't really need.

The good thing about this budget plan is that you know *exactly* where your money is going.

You've accounted for every cent and this strict budgeting can allow you to save up for an emergency fund or a big purchase.

This may not be the perfect plan for you if you don't enjoy spending the extra time to track your spending and keeping to a detailed plan. If you're not interested in keeping up with the fine details of your budget, the 50-30-20 budget or the 80-20 budget may be more your style.

Don't Be Afraid to Buy Used

The second-hand market has garnered a lot of attention over the past few years for both economic and environmental reasons. Some people thrift to save cash and others do so to try to reduce waste and environmental impacts.

Even with some obvious benefits, buying used isn't at the top of everyone's list. Some people simply don't like the idea of purchasing things that have been pre-owned. They may think it's distasteful, or they may question the life span of a used item.

Thriftig may never be your thing but buying used can be a real advantage in many cases.

Here are some smart ways that you can help out your bank account and still get many of the things that you want or need.

Buy a Used Vehicle

One of the most common used purchases you can make is a used vehicle. Before you picture a thirty-year-old junker, know that there are plenty of used vehicles available that will last you many years at a fraction of the cost of a new vehicle.

Consider this: **a new car becomes a used vehicle as soon as it is driven off the lot!**

Plus, according to Carfax, a vehicle will depreciate by 10% after the first month of

driving it. It just continues to depreciate from there.

That means that you can find nearly new cars in the used car market and pay thousands of dollars less than for a new car.

So, what are the best ways to buy a used vehicle without overspending or coming home with a clunker?

Use these strategies:

1. **Research, research, research.**

Before you even go out looking for a vehicle, do some research. What kind of vehicle do you want? What kind of gas mileage are you looking for? What would fit your family?

2. **Find out the market value.** Another good thing to do before you shop for a used vehicle is to find out the real market value. Online tools like Kelly Blue Book and Edmunds.com can help you discover what a vehicle is worth in varying levels of condition.

3. **Shop around to compare prices.** The internet makes it very easy to shop around and find the best deals for the type of car that you want. Car dealerships also know this, and many will try to price their cars competitively to get your business.

4. **Carefully inspect the vehicle and take it for a test drive.** Check over everything about the vehicle. Ensure that everything functions properly, the frame is free of rust, and the

engine appears to be in good shape. It's also a good idea to check for stains, rips, and anything broken in the interior.

5. **Get the car inspected by a mechanic.** You can see the overall quality of a vehicle and the care that it has received, but unless you know a lot about vehicles, you may not know if it is in good working order. That's why it can be a good idea to have a trained mechanic check it over before you make a purchase.

Purchasing a used vehicle is one way to save money, but there are a lot of other things that you might want to consider buying second-hand as well.

Buy Gently Used Clothing

Buying used clothing has grown in popularity over the years. Even people who care a lot about fashion are taking the time to include pre-owned clothing in their wardrobe. Purchasing pre-owned clothes can allow you to find some pretty cool vintage pieces or name-brand items that would normally cost a *lot* more.

If you think you'd like to try your luck at buying pre-owned clothes, here are some in-person places you can find them:

- Yard sales
- Thrift stores
- Flea markets
- Consignment shops

There are also online places where you can purchase pre-owned clothes. People and stores sort through used clothing and try to present you with items that are free from stains, rips, and extreme wear.

These online stores include:

- ThredUp
- The Real Real
- Poshmark
- Vinted
- Swap.com
- Wore It Once (for bridal gowns and bridesmaids' dresses)
- Patagonia Worn Wear
- Tradesy
- eBay
- Etsy



When shopping for used clothing, there are a few things to keep in mind:

1. **Inspect.** If you're shopping in person, always check for odor, stains, or imperfections. Just because it's hanging up in a thrift store doesn't necessarily mean it's free from issues. The people putting out the clothing have to go through a ton of inventory and it's easy to miss these issues unless they're really obvious.
2. **Try the clothing on.** Yes, you may be able to get a lot of things for only a few dollars each, but it's best not to spend any money on something that doesn't end up fitting you. **Most thrift stores don't allow you to**

return items once purchased.

- 3. Look for good quality or brands that you trust.** Purchasing used clothing is most beneficial when you buy clothes that look nice and will last. You don't want to buy second-hand clothes that look bad or cause you to feel insecure.

Buying online from vendors like ThredUp that carefully search for good quality clothing can save you time and energy. You won't have to search through aisles of outdated clothes to find a gem.

Buy Used Furniture

Buying used furniture can be hit or miss at times. For instance, you may feel comfortable buying a used bed frame, but you probably shouldn't buy a used

mattress. Used mattresses can hold bacteria and bugs that you can't see under a normal inspection.

So, before we get into the types of furniture that can work great second hand, let's first talk about the types of furniture you probably shouldn't buy used.

Avoid these types of furniture:

1. **Irreparable furniture.** Sometimes used furniture looks run down or even a little broken, but you can breathe new life into it with some DIY magic. Other times, broken furniture just can't be repaired. You don't want to spend money on something that's going to take up space in your house and never get fixed.

2. **Furniture with lead paint.** If you're buying a painted antique and you're not planning on repairing it, lead paint *may* not be a concern.

However, **if the paint is chipping or if you're planning on sanding or removing the paint, you want to pick something that isn't at risk for lead.**

3. **Fabric couches that are stained or have a bad odor.** In general, buying used fabric couches can be iffy at best. Upholstered furniture can have some of the same issues as a used mattress. So if the couch you're thinking about picking up from Craigslist is stained, worn down, or has a bad odor -- definitely skip it.

What are some used furniture items that you can feel confident about buying?

- 1. Furniture that just needs a facelift.**

Some of the best used items you can find are ones that are super cheap and just need a little TLC. A good example would be a used dresser that would look fantastic with a fresh coat of paint.

- 2. Outdoor furniture.** Outdoor furniture can come with a pretty hefty price tag when it's new, but you can often get it a LOT cheaper when you purchase it from the Facebook flea market, craigslist, or a local yard sale.

- 3. Dining sets.** People are often getting rid of old dining room tables

and chairs that are in great shape. These can be perfect when you're looking for a vintage table or if you're just starting out in a new home.

4. **Other items that can save you a bundle by buying used:**

- Wall art
- Lamps
- Mirrors
- Planters
- Coffee tables
- Bookshelves

Buying used is a great way to spend less and still get what you need. In the next chapter we'll explore another way to save money on your monthly expenses.

Find Ways to Lower or Eliminate Your Bills

Another way to free up extra money and help you have money to put towards debt is to reevaluate your current bills.

Many people continue paying their monthly bills thinking of them as fixed costs.

Your bills may have more flexibility than you think, and lowering or getting rid of your expenses is a great way to live frugally while still enjoying your life.

Here are some easy, tangible ways you can lower your monthly expenses.

Eliminate Unnecessary Bills

As you reevaluate your budget, you may find that some of your monthly expenses can be eliminated completely. Some bills are essential and cannot be removed. Unless you go off the grid, you're going to have a monthly electric bill, for instance.

You might have bills that you're paying without using the services that you're paying for.

For example:

- Gym memberships
- Cable TV
- Subscriptions
- Apps

Going to the gym can be a really good thing for your health and wellbeing. There

are a lot of good benefits to a good gym membership, but if you haven't gone to the gym in six months, it may be time to reevaluate that expense.

The same goes for cable TV. You may be paying \$100 a month for cable when you only watch it occasionally. It may make more sense to go with a streaming plan like Netflix, Hulu, or Disney +.

As you put together your budget, take a look at your monthly expenses and determine which ones are really useful in your life.

“Marie Kondo” your bills and get rid of any non-essential expenses that no longer bring you joy.

Comparison Shop With Your Bills

There are certain bills that may have a locked-in provider like water, sewage, and electricity. For these utilities, you may be stuck with your rates. For other bills, you can comparison-shop to see if there are better rates for comparable services.

Here are some bills that you may be able to lower by switching service providers:

- Car insurance
- Homeowners insurance
- Cable
- Internet
- Cell phone

There are a lot of companies that want your business and you may be able to land some pretty incredible promotional

prices. Insurance companies are often willing to work with you to find a better price if you switch to them. The same is true for cell phone and internet providers.

Renegotiate Your Bill

If you're happy with a current service provider, but you think the prices are too high, you may be able to renegotiate your bill.

A good example of this would be your internet provider. If you've been a customer for some time, you may be able to call and ask for a better plan. They are sometimes willing to give promotions to long-time customers to show their appreciation for customer loyalty.

If your provider does not offer any promotions, you can also consider

dropping to a less expensive plan if you find that you don't need certain features.

Refinance Your Mortgage

With recent decreases in interest rates, you may find that you can lower your monthly mortgage payment and/or shave years off your debt.

Before you refinance your mortgage, there are a few important things to consider:

1. **How much will the closing costs be?** Closing costs for refinancing a mortgage can be pretty costly. While you may be able to roll those costs into a new mortgage, you will still have to pay back the balance.

- **Ensure that you're saving more than you're spending in the long run.**

2. **How long will you stay in your house?** How long you're planning on living in your current home is another important thing to think about. With closing costs, you may find that you won't make up the amount you spent if you move quickly.

3. **How much will you save?** Usually, financial experts suggest that you shouldn't refinance unless you're dropping your mortgage interest rate by at least 1%.

- This isn't a concrete rule though. For instance, if you're refinancing a \$500,000


mortgage, you'll save more than you will with a \$100,000 mortgage. It may be worth it even if you're only lowering it by half of a percent.

4. **Are you able to refinance into a shorter term?** One of the biggest appeals of refinancing your mortgage is being able to shorten the term of your loan.

You may be able to drop your loan from a 30-year to 20-year mortgage without seeing a significant increase in your monthly payment.

- Over the course of your loan, you will save a lot of money in interest by doing this.

We've talked a lot about the more traditional ways of living frugally, but in the next chapter, we're going to look at ways to continue *enjoying* your life while saving money.



“There are two ways to get rich – make more or desire less.”

– ANONYMOUS

Choose Enjoyable Activities That Are Low Cost or Free

There are some things that you might be willing to give up in order to pay off debt or cut down on your spending habits.

In place of these things, **there are plenty of fun, enjoyable things you can fill your life with that cost little to nothing.**

These are activities that you can do alone, with a friend, a loved one, or with your entire family.

Here are some fun activities that you can do while living on the cheap:


- Go on a picnic in a local park.
- Try out geocaching for the first time.

- Get books and movies from the library.
- Go bird watching in your backyard or in a state park.
- Volunteer in a field that is meaningful to you.
- Have a movie marathon with your best friends or your whole family.
- Go hiking, swimming, and exploring at a local park.
- Pull out the board games and have a friends or family game night.
- Go fishing near your house.
- Go for a bike ride around the neighborhood or on a bike path in the woods.
- Start a book club -- you may be able to join one at the library where books are provided for free.

- Join community sports -- you may be able to play with only a small entry fee.
- Start a blog about your favorite hobby. This could even bring in some money.
- Visit a museum on a free day.
- Rearrange your furniture to make your home feel fresh and new.
- Call someone on the phone that you haven't talked to in a while.
- Go swimming in a public pool.
- Write a book about something you're passionate about.
- Go to the Farmer's Market and browse.

Living frugally and on a budget doesn't mean *never* spending money on entertainment or favorite hobbies.

In the next chapter we'll talk about finding ways to spend money on some of the non-essential things you love.



“Money can’t buy happiness, but it will certainly get you a better class of memories.”

— RONALD REAGAN

Choose Your Favorite Things to Splurge On

A frugal life doesn't mean an empty life. A lot of frugal people still spend money, but they choose to spend their money on things that are *most* important to them.

What does that look like when you put this concept into practice? It means sitting down and making a list of the things in life that mean the most to you.

This doesn't mean essential bills like food, clothing, and shelter. Those things are already covered in your original budget, and something you already know that you need.

Instead, **it means thinking of the things that give you real fulfillment in life.** These

are the things that make you want to get up in the morning and the things you're excited about doing when you get off work.

This list will look entirely different for each person.

For one person it may be a hobby like crafting. These people would spend money on crafting supplies without much hesitation. For others, it may be traveling to remote places or having expensive vacations. Others may love surfing, or boat fishing, or horseback riding.

Some people may be less interested in experiential splurges and more interested in owning quality things. For them, it may mean owning a really nice car or truck. It may mean spending money on high-quality makeup, designer clothing, or

high-end furniture. Others may just want to drink *really* good coffee each day.

Choosing your splurges is easy. To figure out what it is for you, ask yourself these questions:

- What are some things that you really want to be able to spend money on without feeling guilty after?
- Which things in your life are you most reluctant to give up in order to save money?
- What are experiences or things that genuinely make your life better or more fulfilling?
- What do you like that's just *fun*?

Whatever those things are for *you* -- consider that an important element of your budget.

You'll still have to be realistic with your splurges. If you don't have enough money to buy a Rolls-Royce, it doesn't make sense to put it on your list. But there are many enjoyable things that you *can* fit into your frugal lifestyle without taking away from your goal of saving or paying off debt.

Ready to Start Your Joyous Journey?

It's time! It's time to reclaim your finances and pay off debt! It's time to live a life without fear of not having enough.

Taking the first steps to financial freedom can feel restrictive and uncomfortable at first. If the idea of cutting back or making financial changes makes you feel stressed, it helps to remind yourself that the choices you're making now will free up money in the future.

Imagine if you were able to pay off your high interest debt. Think about all the money you will save in interest alone.

Imagine not having to worry if you have enough to pay for your bills every month.

This is what living frugally enables you to do.

It's not a miracle answer, though. Getting out of debt takes time. Learning how to curb your spending takes time. For some, finding a job that pays better may be a necessary step.

For many though, **simple changes in your lifestyle can lead to huge benefits.**

As you reach your financial goals, remember to congratulate yourself. It takes a lot of hard work and effort to change spending habits and save money.

Most importantly, find ways to have fun and enjoy your life.

Being frugal isn't about being a miser and never spending your money.

It's about having smart money habits that lead to security and freedom -- and the ability to do the things you find most valuable.

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