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# CHOOSE THE SIMPLE LIFE

WORDS BY ALIX CLARK

In an era when consumerism has made many of us feel enslaved by greed, a new breed is embracing a simpler way of life.

**T**he way it all started was with a tantrum. Two tantrums, in fact, about two years apart. The first foot-stamping episode occurred when Fiona Lippey and her new boyfriend, Matt, had a fight about money. They had just \$20 to get them through the week and \$10 of that had to go on petrol.

"I thought, 'This is ridiculous.

We're fighting about nothing. It's just because we're stressed about money,'" Lippey recalls. "I realised that I didn't want to live my life like that. I went home and my flatmate showed me how I could buy fruit, vegetables and meat for the whole week for just \$10. I never knew that was possible.

"That's how we lived for the next two years. I was being paid \$15 an hour at the time and I thought that if I could save \$15, that was one hour I didn't have to work, which gave us more freedom."

The second tantrum happened when Lippey, married to Matt and with a new baby, was handed a brochure in hospital. Created by a global food manufacturer, it implied that making your own baby food was wrong and unhealthy. Purchased, processed food was, apparently, the better >



option for your baby and the only decision that a responsible parent would make. "It was presented as a leaflet to educate and inform," Lippey says, "but it was really just marketing – and it was wrong." When Lippey questioned the hospital about why they gave the brochures to new mothers, the response was: "They're free. It's a big company. What can we do?"

It was like a red rag to a money-wise bull, and in 2002 Lippey channelled her outrage into a website called Simple Savings, which provided new parents with free tips on how to reduce the costs associated with having a baby.

From small beginnings, Simple Savings now gets 11 million hits a month and has a membership of 115,000 and a library of more than 15,000 money-saving tips. "It has a life and momentum of its own," says Lippey of this thrifty site that educates its members on how to move towards financial freedom.

In 2009 there were an estimated 36 million debit cards and 16 million credit cards in circulation in Australia (the Australian population aged over 18 is approximately 14 million).

The Reserve Bank of Australia says that debts associated with credit cards, mortgages and personal loans now stand at \$1.2 trillion, which is up by 71 per cent from five years ago and equates to about \$56,000 for every man, woman and child who lives in Australia. It seems we're living in a society where flat screen TVs, iPods, mobile phones and a second car are considered necessities, rather than luxuries, and we're all willing to go into debt for these items.

Clive Hamilton is an economist who co-wrote *Affluenza* (2005) with Richard Denniss. In the book, Hamilton defines the term 'affluenza' – a thoroughly modern malady – as "the bloated, sluggish and unfulfilled feeling that results from efforts to keep up with the Joneses". In addition, he says it is "an epidemic of stress, overwork, waste and indebtedness caused by [the] dogged pursuit of the Australian dream".

Hamilton suggests we have come to believe, as a nation, that we continually need more: "As a society surrounded by affluence, we indulge in the illusion that we are deprived." In reality, Australian >

It seems we're living in a society where flat screen TVs, iPods, mobile phones and a second car are considered necessities.

cities consistently rank among the best places to live in the world. In fact, the Economist Intelligence Unit deemed four Australian cities to be among the top 10 livable cities in 2010.

In addition, a report released by the Australian Bureau of Statistics (ABS) in September this year showed that in the past decade, real (after inflation) household income of low-income households in Australia has increased by 41 per cent, and by 46 per cent for middle-income households. According to the ABS, the average full-time worker's earnings in Australia (including any bonuses and overtime) were \$64,594 per annum in the first quarter of 2010.

### BEYOND OUR MEANS

So, if things are looking good on paper, why do we often feel so grim about our financial situation, especially at Christmas with the spectre of gifts and subsequent credit card bills looming?

As Hamilton writes in *Affluenza*, "The typical household's desired standard of living is now so far above the actual standard afforded by the average income that people feel deprived of the 'good life'. Television and magazines play a crucial role in this ratcheting-up process, not so much through advertising but more through presenting opulence as normal and attainable."

Lippey, whose family does not own a TV, agrees: "Our needs and wants are constantly being manipulated. It's no secret that marketers create a problem and then tell you they have the answer."

One of Lippey's other bugbears regarding marketers is their use of the word 'invest'. "You do not 'invest' in a TV," she says vehemently.

While Australia has come out of the GFC better than most, both consumers and corporations have experienced attitudinal change. "There has certainly been an increase in the number of people keeping chickens and growing their own vegetables, for instance," Lippey says. "A lot of people changed and improved their financial habits as a result of the GFC, but there are definitely some people who will not change until the creditors are knocking at their door."

Despite recent bad press regarding sky-high profits and interest rate rises, the banks have also changed slightly and are beginning to treat savers with more respect. "Now they want savers, whereas they looked down on them before," Lippey says. "This is a huge turnaround."

The philosophy of Simple Savings, says Lippey, who grew up in a family that is "definitely not poor", is not about going without, which is what happens when you fall into the consumerism trap and can't afford to keep spending. Rather, it's about stretching your dollar so you can have more time to spend with your family.

"This is about doing things the smartest way. It's about real gold, not false gold. It's about deciding how to make it all work best for your family. If you spend less, you don't have to work as hard. Just make sure you're not being led around like sheep by marketers, advertisers and retailers." ▷

If you spend less, you don't have to work as hard. Just make sure you're not being led around like sheep by marketers.



There are benefits that go far beyond a bank balance that's in the black. In *Affluenza*, Hamilton quotes American psychologist Tim Kasser, who spent 10 years researching the connection between materialistic values and our self-esteem and relationships: "Materialistic values of wealth, status and image work against close interpersonal relationships and connection to others, two hallmarks of psychological health and quality of life."

While many people have started to consider shopping as a hobby or a viable leisure activity, Hamilton cites research that suggests "most compulsive buyers have histories of depression, anxiety disorders and substance abuse", adding, "Yet 'shopping 'til you drop' is seen as the sign of a happy-go-lucky disposition rather than a meaningless life."

### LIVING LARGE

Despite the financial horror stories coming out of the US, many people seem to have fallen into the trap of believing that financial freedom and success mean having access to a credit card with a large spending limit. Lippey and the

Simple Savings crew believe financial freedom is being conscious of spending decisions and consequences while ultimately not having to work in a job you hate. "I bet if I sat down and spoke with people who said they needed their jobs for the money, they'd find they don't need the money and therefore don't need to stay in those jobs," she says.

Lippey recommends taking a close look at the benefits and real costs of a job. There's income, of course, but there's also the money you spend on getting to the job, getting dressed for the job, convenience food because you don't have time to cook from scratch, and what you spend making yourself feel better about being in a job you hate. Lippey suggests you may find the job "is sending you backwards", adding, "It's disturbing when you sit down and think about how many people are in that situation."

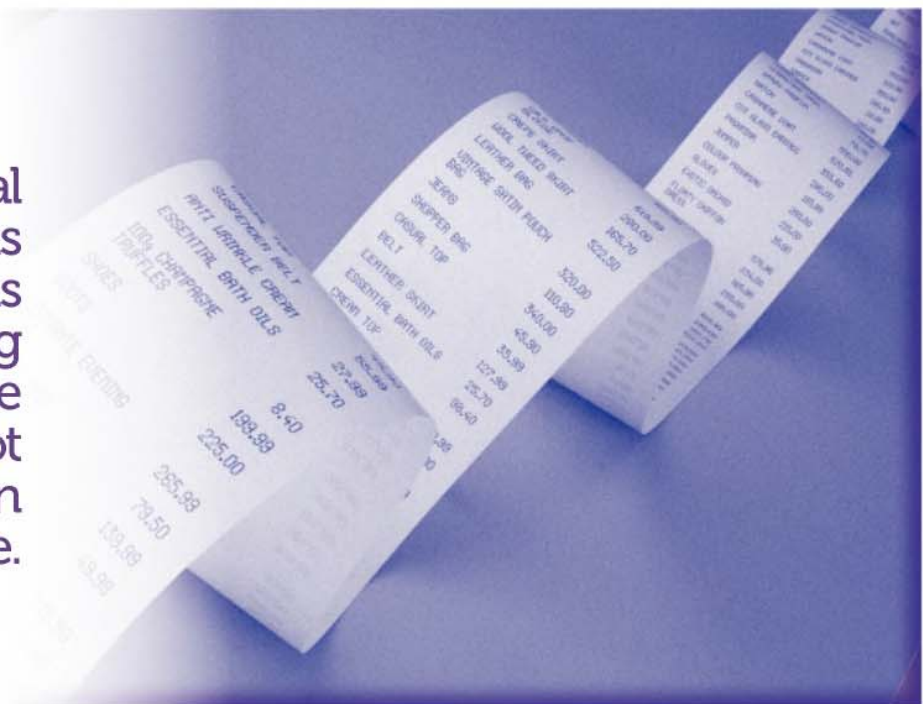
### TAKE THE CHALLENGE

A large component of the Simple Savings approach is encouraging people to take on regular challenges. Last year, Lippey and co-author Jackie Gower published ▶

### LIPPEY'S FOUR STEPS TO CREATING A NEW FINANCIAL FUTURE

- Decide that you want to have control over your life and that you're willing to take the necessary steps to make whatever changes are needed. Stop being a victim.
- Work out where your money is going. Take a good, hard look at how much you're spending and what you're spending it on.
- Decide which spends are smart and which are stupid. Make smart spending choices and stick to them.
- Seek further knowledge. Browse the internet, read personal finance guides (borrowed from the library, not purchased) and practise what you learn.

Financial freedom is being conscious of spending decisions while ultimately not having to work in a job you hate.





*The \$21 Challenge*, a call to readers to feed their families for \$21 a week by taking a good, hard look at what is already in their pantries. It's similar to the way fashion magazines showed readers how to 'shop their wardrobes' just before the GFC.

Simple Savings' \$50 Challenge asked members to change their habits to save \$50 a week – that's \$2,600 a year, or almost \$5,000 before tax if you're on the highest tax rate. Other challenges are less financially focused and more community minded; for example, members are encouraged to hold an old-fashioned street party in the lead-up to Christmas or to consider trading goods and services with like-minded friends and neighbours.

Testimonials and success stories from members confirm that lessons learned


from the website are being parlayed into real-life changes. "Since joining Simple Savings I have learned a lot," writes a member named Maria. "A year and a half ago, I woke one morning and all I could see were clothes, shoes and bags everywhere, from my bedroom to the bathroom. I sat at my dining room table and asked myself, 'Why am I spending so much money on more clothes, more shoes and more handbags? Where am I going? Do I really need them?'"

"That morning I decided to start writing down every purchase I made, no matter how small. The first thing I did was buy a cheap notebook from the \$2 shop. I never used to go into that shop – I was always too proud – but now it's one of my favourites. I also count second-hand shops among my favourites these days.

"Whenever I need something, I know how to get it for the best price on eBay. I also support local businesses and buy all my vegetables and meat in bulk, as well as rice, flour, sugar and toilet paper. I no longer shop at department stores but instead treat myself to pretty plates, cups and saucers from the second-hand shop.

"The \$21 Challenge is fun and a great help. Since I started watching my spending, my life has become more organised and focused. I have money in my wallet and I've cleared my credit card."

While Lippey, a self-described "miser extraordinaire", is the figurehead of the Simple Savings movement, she admits even she has had difficulty making some adjustments. "I couldn't get my head around making pizza at home. I always saw it as something you had to buy. We have a pizza recipe in *The \$21 Challenge* and I figured I'd better give it a go. I grew up cooking with packets, so cooking from scratch is a big change for me.

"I made the pizza and it was divine – the best pizza we'd ever had. The kids were so pleased that they made up a song to sing every time I make it." Their musical inspiration? The Swedish foursome whose hits include *Gimme! Gimme! Gimme!* and *Money, Money, Money*. Now that *Honey Honey* has become 'Pizza Pizza', the Lippey family is singing all the way to the (well-researched and with fees negotiated) bank. 

## Why am I spending so much money on more clothes, more shoes and more handbags? Where am I going? Do I really need them?

