

Five Tenets of Finance I learned From My Mom

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By Kaitlin Butler

I owe my financial habits to my mother, and I say that with pride and with the fear that she might melt me with her eyes if I didn't.

As one of the "greats," even in a particularly frugal line of strong women, Mom not only taught my sister and me the secrets to financial security but she also always led by example.

Throughout several years of difficult times, including a sudden 50% reduction in our annual income when my father's career was downsized for several years, it was my mother's spending and saving habits that kept the family afloat.

Far enough afloat, in fact, to maintain my enrollment in private school and then put me through college, her second greatest gift to me after common sense.

I've already seen how my mom's simple tips have made positive impacts on the coffers of my own household of one, but don't believe for a second that I learned things the lovey-dovey way.

My mother took a hard-line approach to personal finance, straight out of her mother's and grandma's Depression-era playbook, and Mom is, well, not known to sugarcoat.

Her best lessons follow, though you wouldn't be learning those lessons correctly unless you read them in her own words.

I'll try my best to translate them below. Thanks, Mom.

1. 'Are You Putting Something Away, or Just Wasting This Paycheck?'

What this means for me today: Always save as much as you can afford before doing anything else with your check or with a sudden windfall.

For a dramatic flair, Mom employed the idea of a designated savings account called the "Bank of No Return." If you immediately deposit some earnings in the "Bank of No Return" before they hit your checking account, you'll never miss the money you might have instead spent frivolously.

In fact, since this account wasn't meant to be touched until a rainy day in adulthood, I could just darn well forget about that money completely, and let it grow in a CD. The "Bank of No Return" became the foundation to my emergency fund: I still haven't touched this money and have opened a second savings account for more liquid savings goals.

2. 'Do You Need This? You're Not Getting It Just Because Your Friend Has It.'

What this means for me today: Buy only what you need—a mantra that's especially useful in the clothes realm nowadays, and that made me reconsider spending all my teenage dollars on DVDs I wouldn't be watching today anyway.

Mom was also in on the ploys of the media years early, and I've learned in many ways to ignore the advertisements that make me think I need to spend on "the latest thing."

3. 'Keep walking. You know where you're heading.'

What this means for me today: Walk right to the sales rack first, and always, was Mom's directive in the

malls. If you find what you want on sale, then congratulations, you've done it on a dime.

If you haven't, looking at the sales rack means you'll be less tempted to buy a full-price item "just for fun," since you'll already know that the store will be selling every shirt on the sales rack at a 40% discount eventually anyway.

4. 'We're not getting that until it goes on sale.'

What this means for me today: Plan your family meals around the coupon. In addition to occasional markdowns, manufacturers and grocery stores are always offering coupons, and if what you want isn't on sale this month, it will be eventually, and you can just eat it then. Also, never ignore savings opportunities like rewards cards and spending programs.

And finally...

5. 'Don't Be Cheap This Time. This Is Something We're Spending Good Money On.'

What this means for me today: Know when to hold 'em, and know when to put those hard-earned dollars to use on high-priced items that will last. Mom didn't skimp on our coats, for instance, and chastised me when I mislearned her lessons and tried to buy cheap winter boots that would have cracked the moment they touched ice.

<http://www.learnvest.com/2012/06/the-5-tenets-of-finance-that-i-learned-from-my-mom/>