



Think Balance – Not Sacrifice

Discipline is the bridge between goals and accomplishments.

– Anonymous

It's no wonder that many people quickly ditch New Year's resolutions to improve their health and increase their wealth. One reason is the negative feelings associated with words like "diet" and "budget." Immediately, we think of the three Cs (cut back, cut out and can't) or the three Ds (denial, deprivation and don't) and resist making a change. This is unfortunate because positive behavior changes aren't about making big sacrifices...they're about balance and trade-offs. Whether it's the "energy balance" involved with weight management or the "money balance" (a.k.a., cash flow) associated with managing personal finances, the process is the same: you need to balance intake and outgo. To lose weight, you must maintain a "negative energy balance" by burning off more calories with exercise and daily activity than you consume. To save money, you need "positive cash flow," which means having income greater than expenses. Despite lots of marketing hype, there are no magic tickets to health and wealth other than "eat less and exercise more" and "spend less and save more."

Let's start with your health. **Energy balance** is the difference between the energy you consume from food and beverages and the energy that your body burns in physical activity. This energy is measured in calories. The math is pretty simple. Each pound of stored body fat represents 3,500 calories. In order to lose one pound, someone must eat 3,500 fewer calories, burn 3,500 calories through exercise or, better still, combine calorie reductions with physical activity. For sustained weight loss, it is recommended that no more than two pounds (7,000 calories) be lost per week. Doctors often suggest a 10 percent weight loss, achieved over a six-month period, as an initial goal.

Between 1960 and 2002, the average U.S. men's and women's weight increased from 166 to 191 pounds and from 140 to 164 pounds, respectively. On average, people consume 800,000 to 900,000 calories per year. If you've found yourself steadily gaining weight, your energy balance is "out of balance" because you are taking in more calories than you are burning off. The good news is small steps are all that are needed to reverse the trend. Losing 10 pounds in a year can be done with exercise, less eating or a combination of the two.

- Add 15 minutes of brisk walking (one mile at 4 mph) daily to burn off 100 calories.
- Make dietary modifications, such as eliminating a tablespoon of butter or soft drink to cut 100 calories.
- Walk briskly (4 mph) for 10 minutes and eat half a slice of bread or drink half a can of soda.

Here are some common activities and the number of calories that can be burned per hour by a person weighing 150 pounds: bicycling 5 mph (174), dancing (210), golfing without a cart (324), light housework (246), tennis (312), walking 2 mph (198) and bicycling 13 mph (612).

Some commonly eaten foods that contain 100 calories include 1 tablespoon mayonnaise, 1 tablespoon butter or margarine, 8 ounces cola beverage, 8 ounces beer, 6 to 7 French fries (2" x 1/2" x 1/2"), 1 1/2 tablespoon salad dressing, 8 to 9 medium potato chips, 3 tablespoons coffee cream, 1 medium-sized cookie, 5 ounces wine, 2 1/2 cups popcorn with oil, 2 "snack size" candy bars and 1 slice bread. Substitutions are another way to save 100 (or more) calories. Two examples are using water-packed tuna instead of oil-packed and 1 or 2 percent milk instead of whole milk. Low-fat or "reduced fat" foods and condiments can also help reduce caloric intake.

Changing just one habit can have an enormous impact. For example, replacing a workday doughnut habit with an English muffin could save 350 calories a day or 91,000 calories annually ($350 \times 260 = 91,000$), which adds up to 26 pounds of weight loss in a year (91,000 divided by 3,500). Similarly, 45 minutes of brisk (4 mph) walking burns up about 244 calories. If this is done every day, 89,060 extra calories are burned in a year (244×365). Divide this number by 3,500, and this translates into a one-year weight loss of 25 pounds. The take-home message is that "calories count."

Let's extend the "balance" concept to personal finances. There's a popular saying: "If your outgo exceeds your income, then your upkeep will be your downfall." Cash flow is the relationship between income and expenses, including savings for future goals such as retirement. Ideally, your cash flow should be a positive number because this means you are living below your means. If you continually spend more than you earn, you will have negative cash flow. As a result, you will eventually go broke. There are three ways to achieve positive cash flow: increase income, decrease expenses or a combination of the two.

Increasing income is usually the most difficult method because others often make the decisions (e.g., your salary). Yet, there are ways to increase income – upgrading job skills, a second job or overtime, a sideline business, publicly-provided benefits, tax write-offs such as the earned income tax credit, charging adult children "rent" for living at home, selling possessions and bartering.

There are generally more options to reduce expenses and bring them in line with income. One way to do this is "The 10 Percent Solution." This simply means trying to save 10 percent of your gross income annually by reducing flexible household expenses, such as food, clothing and entertainment. Over time, the results can be awesome. Some people say there's no way they could save this much. Perhaps 5 percent is a more realistic figure, which can be slowly increased over time. The trick to "finding" money to save is tracking household expenses for several months to identify those that can be reduced.

One place where significant savings can often be found is the family food bill. According to the U.S. Department of Agriculture (October 2005), a middle-income family of four spends an average of \$189.20 a week for food eaten at home. Ten percent of that is \$18.92 or an annual savings of almost \$1,000 (18.92×52). The next time you go food shopping, take a good look

at what's in the cart before checking out. Are there expensive snacks or convenience foods you can do without or make yourself? Are you comparing the cost of store and "name" brands and taking advantage of coupons and promotions? Another way to decrease food expenses is to reduce the amount spent on food eaten away from home.

Apply the "10 Percent Solution" cost-cutting process to other household expenses: clothing, gifts, entertainment, personal care, etc. Also determine if there are ways to reduce large expenses such as housing (e.g., refinancing mortgage) and insurance (e.g., policy discounts). By combining savings in several expense categories, it is often possible to save 10 percent of your gross income without feeling deprived. This is especially true when cuts are made to "big ticket" items.

Here are some estimated monthly savings amounts from the Consumer Federation of America's *America Saves* program: save 50 cents a day in loose change (\$15), substitute coffee for cappuccino (\$40), bring lunch to work (\$60), buy grocery store brands (\$10), eliminate premium cable channels (\$20), use fewer phone features (\$10). For additional ideas, visit www.AmericaSaves.org.

One final caution about energy balance and money balance: be prepared to adjust to changed circumstances. If you injure your leg and can't exercise for a while, you'll need to reduce your food intake by the number of calories you are not burning, so as not to gain weight. Ditto for an "injury" to your income, such as disability or unemployment. You'll need to reduce flexible expenses as much as possible and avoid the common error of maintaining your previous lifestyle with loans and credit cards.

Are you ready to make changes to your energy balance and/or money balance? Complete the worksheets by brainstorming ideas to improve your health and increase your wealth.

Energy Balance

| | |
|---|--|
| Strategies to Reduce My Calorie Intake: | <ol style="list-style-type: none">1. _____ _____2. _____ _____3. _____ _____4. _____ _____5. _____ _____ |
| Strategies to Increase My Physical Activity: | <ol style="list-style-type: none">1. _____ _____2. _____ _____3. _____ _____4. _____ _____5. _____ _____ |

Money Balance

| | |
|---|---|
| <p>Strategies to Increase My Income:</p> | <p>1. _____ _____</p> <p>2. _____ _____</p> <p>3. _____ _____</p> <p>4. _____ _____</p> <p>5. _____ _____</p> |
| <p>Strategies to Decrease My Expenses:</p> | <p>1. _____ _____</p> <p>2. _____ _____</p> <p>3. _____ _____</p> <p>4. _____ _____</p> <p>5. _____ _____</p> |



Action Steps

| Health | Wealth |
|--|---|
| <ul style="list-style-type: none"> • Consult restaurant or food product Web sites and nutrition labels to increase your awareness of food caloric values. • Use exercise equipment with displays that indicate the number of calories burned. • Take action to increase physical activity and reduce the number of calories consumed. | <ul style="list-style-type: none"> • Consult personal finance books or Web sites for information about budgeting and expense reduction. • Download and use the <i>Spending Plan Worksheet</i> at www.rcc.rutgers.edu/money2000. • Take action to increase income and reduce household expenses. |

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