

EPISODE 268

[INTRODUCTION]

[0:00:34]

FT: Hey everyone, welcome back to So Money, I'm your host Farnoosh Torabi. You're not going to believe what my guest today is doing, she is actually on a spending freeze, yup a spending cleanse. I've gone on a juice cleanse, unsuccessfully. The idea of actually not spending any money on once and things that I happen to desire throughout the day whether it's a coffee or a cab ride. Well it would be very difficult for me as I think it would be for a lot of people and Cait is a living, breathing experiment of this and she has been making headlines.

I've known Cait for some time, she's an avid blogger and very active in the personal finance community, she runs the blog Blond on a Budget. She recently made new headlines with this spending freeze that she was embarking on, which she actually started last year. And so I thought, "You know what? Let's get her on the show," because I want to know how this cleanse is going, does it work, can it work, how can we all learn from this and maybe take some of the lessons into our own lives.

A little bit more about Cait, she's the creator of the blog Blond on a Budget which she started in 2010 as a way to document her own journey to get out of debt. After paying off about \$30,000 of debt, she decided to adopt a very minimalist lifestyle, she got rid of 75% of her belongings and she is, as I said, currently undergoing a two year shopping ban. She's become very passionate about helping others create budgets that align with their goals and values while also teaching others to overcome consumerism tendencies. Her story has been featured in Forbes, Huffington Post, Yahoo Finance, among many others.

During our conversation, we learn why she decided to go on the spending cleanse. I mean look, you're out of debt, you've already gotten rid of 75% of your stuff, why go to this extreme? Her moments of weakness, she's had some, when she cheated. Yes, how you can follow in her footsteps as well.

Here we go. Here is Cait Flanders.

[INTERVIEW]

[0:02:45]

FT: Cait Flanders, welcome to So Money. I think you're my first guest who has admittedly gone on a financial cleanse, you're still in it, can't wait to talk to you. Welcome to the show!

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CF: Thank you so much for having me.

[0:02:58]

FT: Well, let's go back to when this all started. July 2014, you decided, as creator of the blog, Blond on a Budget and a very active financial blogger, that you were going to go on just a cleanse, you were going to stop spending altogether to keep a real minimal lifestyle, why did this come about and how's it going?

[0:03:22]

CF: Okay. It sort of came about for two reasons. One obviously the financial side is that I was — it's something that people keep getting confused as they think that I did this spending cleanse because I needed to get out of debt but I was actually debt free at this point. It's just that in the year that followed, more of like my first year of being debt free, I wasn't really getting anywhere with my savings goals.

It never sat right with me because when I was paying down my debt, there were months where I was allocating upwards of 50 to 55% of my income towards debt repayment and then when I was living a debt free life, for some reason, most months I was saving maybe 8% of my income. So I'd totally let lifestyle inflation creep in. Not even so much that I was shopping a ton but I just

was going out more, traveling more, just doing stuff. I was putting savings last when it should have been the first thing that I did when I got paid.

So financially I did it because I wanted to focus on saving more money and I'm not shopping also came from like you said, I kind of looked around my apartment one day and realized I couldn't find — it's such a weird story — I couldn't find my can opener and I'm one person living alone in a one bedroom apartment and I'm already really neat and tidy. So the fact that I couldn't find a can opener really bothered me.

Then I started going through my drawers and looking for things and realized I couldn't find a few other things that I was looking for and my drawers were just filled with stuff. Then I started looking in closets and all these boxes, "What is even in these boxes?" I've moved so many times over the past few years and I just keep bringing these boxes with me everywhere but I don't even know what's inside of them.

So when I started looking at everything I owned, I realized to kind of coincide with saving more money, I actually had a ton of stuff that I could use up before buying anything else. So the weird thing, I don't know if all girls do this, I seemed to do it in the past, I owned I think eight bottles of lotion or something.

[0:05:31]

FT: When you go to Bath and Body Works, they encourage you. They're like, "Buy two, get seven free." You buy the two because they want to get rid of inventory until you're the sucker who does it. I've been there.

[0:05:46]

CF: Yeah. Actually Bath and Body Works is a good example for me because I also bought candles all the time. I just had tons of stuff that I could just use up. So I realized I wanted to attempt to not shop for a year, try and use up everything I already had and see what happened.

[0:06:04]

FT: So I really want to envision this. You're living in a one bedroom apartment and you've got all these candles, all these lotions. [Laughter]

[0:06:15]

CF: You're painting a great picture.

[0:06:16]

FT: I'm trying to really figure this out. In your attempt to not spend any money, what were the steps that you took? What kind of inventory did you take, did you plan out "Okay, I need to eat, I need to get to work, I need to pay my rent." So you obviously were paying for some things. How much did you save off the bat?

Because I know when you go on a real cleanse, for a diet, you lose 10 pounds the first week.

[0:06:41]

CF: Yeah, I would say actually for me, I spent the first two months, you kind of mentioned the inventory thing. I spent the first two months really focusing more on all the stuff that was in my home. What I actually did, and not everyone has to do this, but I actually went through every room. So I'd pick like my bedroom and I would completely empty my closet, my dresser drawers and I would put everything on the floor, all over the bed and I would pick what I was going to keep based on what I actually used often or like really, really loved and used occasionally. Then I got rid of everything else.

And so what that did is it gave me this visual, in my mind, all the time, if I ever felt like spending money, I could look back at everything I'd gotten rid of and the things that I did still own, I knew, I didn't need more. I would always get these cravings to buy books but I knew I had, probably 45 to 50 books on my shelves that I hadn't even read yet. I would think about it and be like "Oh

yeah, I really want to read that book but I own so many that I've never even touched yet." It was a good reminder for me to not shop. That was something that I had focused on the beginning.

Savings in the first couple of months, it was nice, I would say I didn't feel like I had gotten far until probably halfway through because then you know you have a few thousand dollars in your bank account that you didn't have before. Whereas when it's just kind of hundreds, not that it's not motivating but there's something weird about having a few thousand dollars where you're like, "Okay no, I don't want anyone to touch that money." And it just feels like a little more important than a few hundred dollars.

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FT: So many questions still, you're leaving me wanting more Cait. I want to know one, how much you've managed to save up to this point because of this spending diet? And then I also want to know, now that you've been doing this for about over a year with another eight months left to go, what's been your biggest learning lessons?

I mean certainly along the way you've discovered things about yourself, discovered things about how you see money — and we're going to get to that in a second.

[0:08:50]

CF: Okay, since July 2014, I've probably saved just under \$20,000 Canadian. It's just incredible for me to think about it again because if we look back and like I was saying, there were months before where I was saving 8% of my income or \$20,000 is obviously a lot more than 8% of my income now. Yeah, I probably saved around that much.

[0:09:13]

FT: I understand you might have a book deal in the process because of this. So not to break the news on the show here but your story has gone viral a bit on Forbes and various other news outlets and that's how actually I learned about this, I read about you, at least this aspect of your

life. I've known about you for in your work for years but this particular journey was very exciting to learn more about.

When you go to write that book, what are going to be the lessons that you're going to share for others so that they can hopefully follow in your footsteps?

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CF: I'm sort of still working out, I guess, what the lessons would be, I would say a big one in general is I've paid so much attention. When you're not able to shop, when you put sort of this restriction on yourself, you really realize how much of the spending we do is habitual, so it's habits that we have created over many, many, many years. Since the time we've got our first paycheques. And so I've realized how many habits I have around spending that I did not have habits around savings.

A big one for me that was also though to give up aside from books was take out coffee which sounds maybe silly or frivolous but I used to get take out coffee every single day and when I was not able to do that anymore, I realized I had habits as silly as just like, "Today I'm too tired so I'm going to go downstairs and get a coffee instead." What does that even mean? How are you too tired to make coffee? Or I would reward myself with stuff so I would think, "today I'm running errands, errands are boring, so I'm going to get a latte," and you don't realize that this is the way you think until you're not allowed to do it and you're kind of faced with it.

Honestly, like people ask me about the shopping ban all the time and say like, "A year seems like too much," start with 30 days, if you start it with 30 days, and you can set the rules for yourself. Everyone's habit are different, so you would know more than anyone around you what maybe the one or two things you should really give up are. I knew it was books and take out coffee for me, they had to be on the list of things I was not allowed to spend money on. Try it for 30 days because I guarantee like facing the habit and realizing you need to change that, is a lot more eye opening than just feeling this restrictive ban. If you really want to change a habit, this will be a lifelong change.

I will never go back to drinking take out coffee every day even when the band is over because I've changed that habit, it's over and done with and I like the coffee I make every morning now.

[0:11:44]

FT: That actually brings me to my next question, which is when this expires next summer and you are free to spend again as you wish, what's going to stay and what can't you wait to buy?

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CF: Honestly, I think everything will probably stay the same, I can't really...

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FT: Honestly? Wow.

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CF: Yeah, like I try to think about that sometimes and I'm like, I just think that at most, what I'll go back to or what I'll go to is if I want to buy something, it needs to be because I'm replacing something, if a shirt rips and I really can't fix it, it rips in a weird place or something. Or stuff like that, if I remember placing it then I have to get rid of something that I had before and I replace it with something new, that's okay.

[0:12:34]

FT: Surely there's something that you're like "I want to taste this again, I want to be able to walk in to a store and buy this." Anything like that? Come on, we're only human.

[0:12:45]

CF: I know, I know. I just like, I really don't think about it.

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FT: What are you going to do with the money then? By next summer maybe you'll have \$40,000 saved. What's the goal, why save, what do you want to do with this money?

[0:12:59]

CF: Yeah, I think, I mean I didn't really have a goal when I started it, now I would say that — well two things happen; one, right off the top is that at the beginning of this, I never thought that this would end up being a result but my goal was to live off as little as possible and be saving the rest for that first year. What I realized at the end of it was that I was able to live off much less than I ever used to and live a very happy and fulfilled life.

This summer, it's sort of became a possibility for me to quit my job and go full time free-lance and I felt very comfortable making that decision and doing it because I know I only need to make X amount a month to survive, anything more is amazing but I don't need it to live. Now I'm full time free-lance, I would say that I'm trying to just keep beefing up retirement accounts because I guess my goal — I don't really have a date on it, it would be at least 10 more years of savings, if not more. It would be nice to say retire in my 40's sometimes.

[0:14:05]

FT: Well that's going to be another book. *Retiring in my 40's*, I look forward to that. Well Cait, kudos to you, this is phenomenal and it's no wonder that your story has made so many headlines and now I'm happy to say you're on this show sharing a little bit more about the behind the scenes of going on a spending freeze. Maybe we'll touch base again at the end of next summer when you're done and see how you actually, what has resulted from this in totality.

In the meantime though before that, let's get to some So Money questions, starting with what is your financial philosophy now Cait, you've expressed so many wisdoms throughout this conversation so far, so many truth bombs about how to save and spend appropriately. But what is your overarching money mantra?

[0:14:54]

CF: The one thing I try to live by now is just to only buy the things that I know will somehow make my day, week, month, life better. To not spend money on things that I want impulsively or that are going to fulfill even just a temporary need. It has to be something that's really going to bring me joy or fulfill a need in some way.

[0:15:20]

FT: It's tried and true advice and I know that that's something that I live by and the reason the advice has stuck around for as long as it has is because it's not something that is easy to assume or easy to adopt. Growing up — now you're in Canada — growing up, what was a pivotal money experience for you?

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CF: I would say that there's two, one is that I grew up seeing that my parents paid for everything with credit but not understanding that they made enough to pay that bill every month in full. When I was younger, all I saw was when you get credit cards, you just use them to buy everything and my parents always talked to me about money but I never looked at their bank accounts and could see, "Oh yes, they can afford to do that because they pay it off every month."

When I got credit cards, I just used them to buy everything and could not do that in the past.

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FT: How much debt did you actually have, I know that you didn't start the cleanse because of the debt but how much did you actually wipe out?

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CF: Yeah, I had just over \$28,000 Canadian.

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FT: Wow. What was that money going towards?

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CF: The majority of it was credit card debt at one point that I had consolidated into a loan and then re-ranked up my credit cards. Really awesome stuff.

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FT: You've experienced the highs and the lows, you really have?

[0:16:47]

CF: Yeah, oh yeah. I mean, in 2011, I was maxed out, there was no more money and the banks weren't going to give me anymore and I was at this point where I only had \$100 left on my credit card and \$100 in my checking account, I had to make that pretend \$200 last me for six weeks.

[0:17:07]

FT: That's when you started Blonde on a Budget right?

[0:17:09]

CF: Yup. That was such an awful period in my life, I remember how awful it felt, and how awful I felt about myself. I used to cry myself to sleep at night and it's so hard and weird at the same time to kind of look back and see that that was just four years ago.

[0:17:25]

FT: Yeah, you completely self-made your success, you made a decision and you stuck with it and caught people's attention. I feel like, this time next year, we're going to have so much more to catch up on and your life is just really just your star is rising and it's because you are living the lesson, you're living by example and I think so many people are going to be able to learn from you.

[0:17:48]

CF: I hope so.

[0:17:49]

FT: Yeah, I'm not going to dwell on failure anymore at this point, we've talked about failure enough and I can sense that was probably the period of time when you were dealing with your debt. What was your So Money moment? I know that you obviously got out of debt, I got rid of 75% of your belongings, you're on this spending fast. Describe a moment in your life for me where you felt like at your financial peak where you just felt like you made a great decision, it paid off, you were an advocate for yourself, a So Money moment?

[0:18:21]

CF: Yeah, I honestly feel like I'm sort of living it right now, I think that being able to quit my job with the amount of cash savings that I had so that I was very comfortable, I had work lined up, I knew that for the next six months anyways I'd be totally fine with work and being able to quit my job and just do that, it was never a goal, especially not when I started the blog. I never really thought I would go this route but being able to be very confident in that decision.

And the fact that I haven't had any money freak outs, I've been full time freelance for almost just over three months now and I haven't had any freak outs. I still check my bank account almost every day because that's what you do when you're a personal finance blogger.

[0:19:03]

FT: Yup. I do it.

[0:19:03]

CF: But I don't worry, I'm not worried right now.

[0:19:08]

FT: That's good. Well what's a habit that you practice in the middle of this spending cleanse that helps you stay on track? Have you had an impulsive moment or a cheating moment by the way? You have? Okay, okay. You are not a robot.

[0:19:23]

CF: I'm not a robot, I promise you, I promise you. Yeah it was actually, well two, one was really wild and it sort of goes back to the habit thing. One was that I had a friend in town, we went out for a dinner one night and after dinner he said, do you want to have coffee after? I hadn't had take out coffee in four months because I knew I wasn't allowed it but there was something really weird, I didn't even think twice. We searched for a coffee shop, we went there, we paid and we finished the entire thing and he's like, how's the shopping ban going?

[0:19:55]

FT: What a jerk.

[0:19:57]

CF: He didn't know, to be totally honest, he did not even think about. And so he's like, "How's the shopping ban going?" And I was like, "Oh my god, I totally did not realize, I should not have just done this, how did this happen?" One where I knew I was screwing up, I let my brain do it was, I think it was around black Friday sales, I think it was like end of November last year. I happened to see that eReaders were on sale for half price and mine is super busted still to this

day, I can only turn it on by putting a little pin in the reset button, otherwise none of the buttons work, that's the only thing that works to actually make it work, turn on and read books.

I saw they were half off and I told myself I'm not allowed to buy this but then I convinced myself that I needed it and it would somehow improve my life in some way that if I had an eReader that worked without this little problem. I bought it but then seconds later I was like, "I promised people I wouldn't buy anything, I don't want to buy anything, I don't need this," and so I canceled the order right away, what's wild is still, it's been almost a year now. I think I've used my eReader four or five times. So I didn't need it.

[0:21:16]

FT: Yeah, it's amazing what you buy, I probably have a whole house full things that I don't need. I look forward to sharing my purging efforts with this crowd with this audience as we are moving back into our home soon, our renovated home, and I have this mission to just get rid of half of our stuff because just like I'm going to do that budgeting audit, I'm going to do a physical property audit.

Calling all neighbors, friends, just anyone on Craig's List who wants to come pickup my free stuff, it's yours or you know what? I'll just give it to Salvation Army or something but it's not staying in my house, that's for sure.

[0:21:55]

CF: I love it.

[0:21:55]

FT: Ah it's going to feel so good, All right Cait, We're almost wrapped here, you're so much fun, let's do some So Money fill in the blanks, this is when I start a sentence, you finish it. First thing that comes to mind alright?

If I won the lottery tomorrow, first things I would do is stop the cleanse right? [Laughs] First thing I would do is ____.

[0:22:14]

CF: I would probably keep enough, keep a few million dollars for me and the family and give the rest away.

[0:22:21]

FT: Right on. One thing that makes my life easier or better is _____. One thing that I spend on that makes my life easier or better is _____.

[0:22:31]

CF: Massage therapy.

[0:22:32]

FT: Yeah? How often do you go?

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CF: I was in a car accident two summers ago, and so I go...

[0:22:36]

FT: Oh no!

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CF: It's okay, it's okay. I go once a month and it helps immensely.

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FT: Great! When I splurge, and I know you haven't in a while but when I splurge, I like to splurge on ____.

[0:22:51]

CF: Okay, I'm sure I'll go back to books when the ban is over.

[0:22:54]

FT: When I donate money, I like to give to blank because ____.

[0:22:59]

CF: My local SPCA because I volunteered as a dog walker there for three years, I know where the money goes.

[0:23:06]

FT: Yes. Last but not least, I'm Cait Flanders, I'm So Money because ____.

[0:23:12]

CF: Because I know you can't buy happiness at a store.

[0:23:17]

FT: Well that's true and we know that money can sometimes buy happiness although usually with experiences and I can't wait to hear how this journey wraps up for you and I'm looking forward to your book. I don't want to jinx anything but I know you're going to have so much more to share with the Universe.

Thank you so much for stopping by. Good luck with everything, I hope it turns out well for you, I'm inspired for sure.

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CF: Thank you so much.

[END]