



## **“Step Down Your Spending”**

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Step Down your Spending was created by Professor Alena Johnson at Utah State University.

How can I reduce my spending?

By following the step-down principle, spending is reduced in gradual stages as opposed to eliminating spending on an item entirely. Can you get your needs and wants met with an item that you may have not considered? Be creative and think outside your box with spending and saving your money.

It may be necessary to say NO to purchases entirely, if you have a lot of debt to pay back or in an extreme situation. Remember to always pay for your four walls, as some financial planners recommend. Your housing, utilities, food, and a way to get to work. The everyday items that you purchase can help or hurt your budget over time.

This is where the step-down principle can help you reduce your overall expenses.

To visualize the “step-down principle,” imagine a staircase with four steps.

On the top step is the most expensive way to purchase an item, and on the floor below the bottom step is the least expensive purchasing method. You can use this method with most things you purchase. Getting your needs and wants met without going over budget.

The step-down principle and some examples:

### **No time to cook? Spending too much on take-out food?**

#### Top step:

Take-out food from expensive restaurant

#### Third step down:

Takeout food from a less expensive place or Meal prep company (depending on the company and prices)

#### Second step down:

Buy frozen dinners at store

#### Bottom step:

Buy some prepared and unprepared items to make a quick meal at home.

Scrambled eggs and toast are a quick meal. Bagged salad with tuna on top. Use the internet for ideas.

### **Clothing**

#### **Top step:**

Shop at department stores and purchase at full price

#### **Third step down:**

Shop at department stores for sale only items

#### **Second step down:**

Shop at a less expensive store for clothing

#### **Bottom step:**

Shop at a used clothing store, buy less

### **Date Night**

#### **Top step:**

Go to a fancy restaurant and to a movie with snacks

#### **Third step down:**

Eat take out from a restaurant at home and then go to a movie

#### **Second step down:**

Eat fast food and stream a for-fee movie from Netflix, Hulu

#### **Bottom step:**

Cook dinner at home and stream a free movie

### **Coffee**

#### **Top step:**

Specialty coffee out

#### **Third step down:**

Coffee bought at a fast food restaurant

Second step down:

Buy a Keurig or other coffee pod device and make your own at home

Bottom step:

Drink cheapest coffee available at grocery store, preferably on sale

**Cell Phone**

Top step:

Plan with major cell phone carrier, with insurance

Third step down:

Purchase your own phone and reduce plan (data, minutes)

Second step down:

Buy a less expensive phone and plan

Bottom step:

Use an older phone with limited data plan

**Pickles**

Top step:

Artisan pickles at \$16 per jar

Third step down:

Artisan pickles for less than \$16 per jar

Second step down:

Brand name pickles at grocery store

Bottom step:

Less expensive jar of pickles

Can use the step-down method with most items you purchase:

Housing

Vehicles

Food

Cell phone plans

Shoes

Remember everyday habits do matter.

If you can live without the name brand product or with no product at all, do it. Little amounts of savings add up over time. Positive money habits begin with paying attention to your resources, time, energy, and money.

***The habit of saving is itself an education; it fosters every virtue, teaches self-denial, cultivates the sense of order, trains to forethought, and so broadens the mind. T.T. Munger***