

Afraid to spend? Why it's okay to enjoy your money



Apple Watches are seen on display at the Apple store on 5th Avenue in the Manhattan borough of New York City, July 21, 2015.

Reuters/Mike Segar -

When Stan Calow was growing up, frugality was a way of life: "You spend as little as you need to, and then save everything else." So, the 58-year-old engineer and U.S. Army veteran from Kansas City, Missouri always hated spending money.

It took his financial planner, Cindy Richey, to drill the point into him that it was actually okay to enjoy his savings once in a while.

After much prodding, the message finally got through. Calow and his wife just returned from a trip to France, touring the chateaux of the Loire Valley, just like they had always dreamed.

Says Calow, who learned about the fragility of life by serving in Kosovo: "I wanted to live life while I'm still young enough to enjoy it."

It's a tricky dilemma for many of us. As much as pundits tell us to scrimp, and save, and sacrifice for the future, when is it actually okay to spend a little on yourself and enjoy this life that passes all too quickly?

Indeed, according to a new survey, many of us are not enjoying it enough.

When Wells Fargo asked affluent Americans about what they regretted most about their finances, 15 percent said "not having enjoyed their money more".

It is an honest answer that you do not often encounter in financial surveys. After all, splurging on yourself is typically seen as selfish and gauche.

But as some planners point out, it's your money, and you should not be made to feel bad about enjoying it occasionally.

"People are so nervous about outliving their money, and sometimes they shoot too far in their saving," says Joe Nadreau, director of innovation and strategy for Wells Fargo Advisors.

"You don't want to come to the end with \$3 million saved, but having sacrificed your whole life along the way."

Of course, leaving an inheritance is still an important consideration, according to 57 percent of affluent Americans in the Wells Fargo survey.

But just remember that once the will is read, you are six feet under, and no longer around to witness your family enjoy that wealth.

A BANK OF MEMORIES

So try thinking of the concept of 'inheritance' a little differently: Instead of purely in terms of dollar bills, consider it as a set of memories, which you can create together as a family while you are still alive.

"We have recently noticed a sizable uptick in clients who are more interested in sharing their wealth in the form of experiential gifts," says John Fowler, a planner in Keller, Texas.

"It might mean taking the entire family on a cruise, or paying the airfare to fly in to see grandma and grandpa in Arizona, Colorado, or Florida. At the end of the day our clients realize stuff is just stuff, but with a little effort, they can create a memory for their families that will last a lifetime."

Keep in mind that splurging on yourself doesn't mean you become miserly with others. It is not an either/or proposition; You can treat yourself once in a while, and also be generous with charitable causes that are meaningful to you.

"People call me all the time to get permission to enjoy their money, which I heartily give them," says Dave Ramsey, a popular radio host and author of "The Legacy Journey."

"Often the thing that breaks it loose for people is to increase their giving. Because the more generous you are, the more you get permission to spend on yourselves."

As for Kansas City's Stan Calow, he looks forward to traveling the world with his wife, and enjoying future grandchildren. It was hard to get him to enjoy those savings, but now he's making up for lost time.

This thought, in particular, came to mind when he was walking the streets of Paris recently:

"It's a shame to work so hard all the best years of your life, just so you can afford to survive in the worst years of your life."

(Editing by Lauren and Bernadette Baum)

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