

# The heat is on



Joyce Chuah is CEO of Success Concepts Life Planners

Try to maintain the habit of saving money even after surviving the current heat of rising inflation.

HOT. Hot. Hot. The current heat wave is driving everyone crazy. I was told that lately the sales of air-conditioners have gone up as Malaysians scrambled to find ways to cool ourselves.

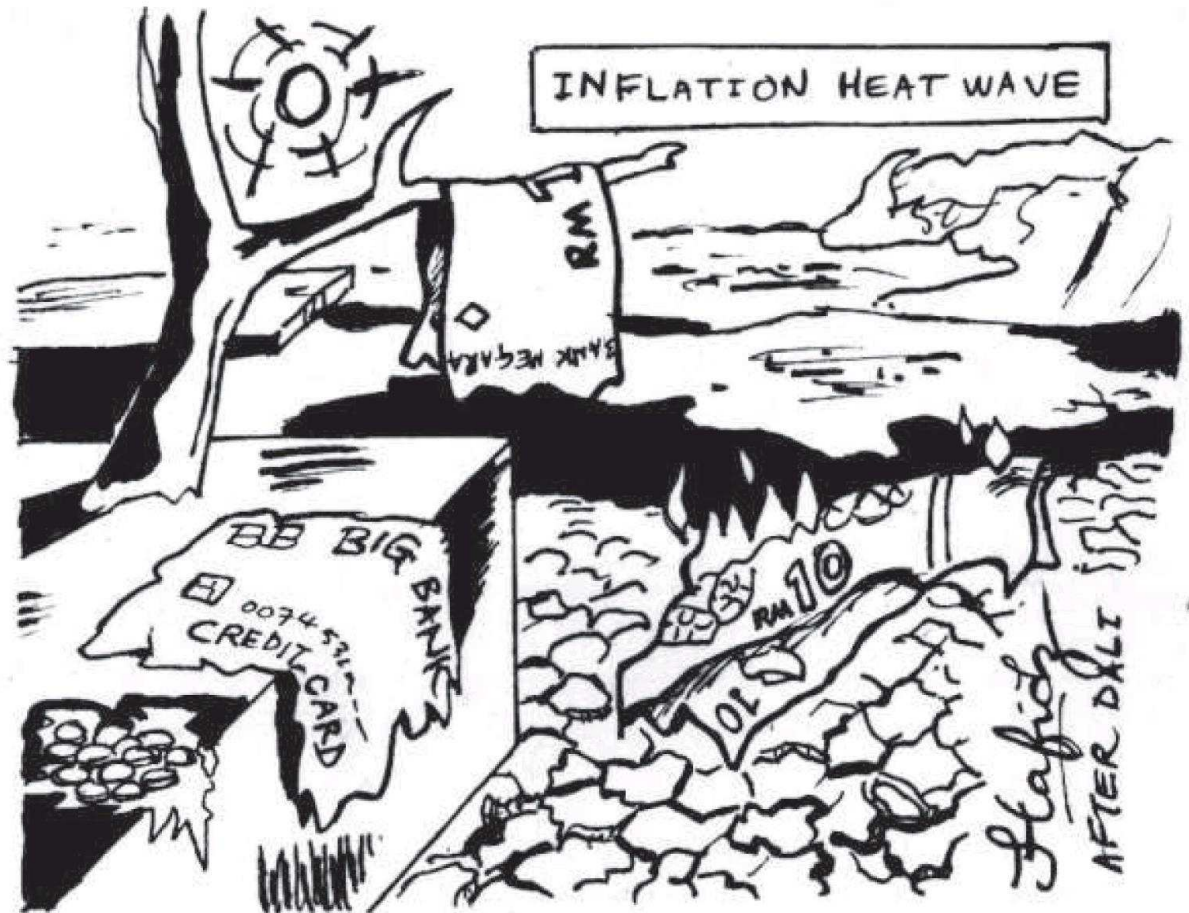
There seems to be a similar situation brewing in our financial lives – the need to save more in light of the higher cost of living – and it has been a hot discussion topic. Small business communities are keeping more cash flow to meet the higher cost of doing business. Families are cutting down on luxuries and finding new ways to cool the heat of rising inflation. Articles are full with ideas on how to save more.

However, I have two issues with this “overheated situation”. One, is it too late to save now to meet the rising expenses? Two, how long will the frugal

attitude last?

Well, it’s never too late to start saving but the question is this: have you overspent so much that there is nothing left to save? Perhaps, there are just too many debts chalked up over the years and it’s hard to cut down any expenses. Are you too accustomed to a lavish lifestyle and reducing the luxuries is just impossible to do?

Secondly, how long will the frugal attitude last? We are simply humans who are resilient and we find new ways to adjust to new situations. As the inflationary heat is so current, the propensity to save, rather than spend, becomes more acute. However, when the talk about conserving money cools down, will we go back to our old habits of overspending and over-extending



credit?

What do we do then? Save whatever little you have by introducing a money rationing system, e.g. a zero spending day. Be glad that the little savings now will help you in the next price hikes and

cannot affect you as badly as they do today.

But how do you keep saving without letting go of the habit? My suggestion is to be aware of the financial gaps in your life’s milestones and stop telling

yourself your savings are sustainable without even doing a financial gap analysis. Decide to practise lifelong saving and reduce those gaps. Don’t get burnt by the next “financial heat wave” – it may be really too late.