



Step Twelve: Money Pits



“Winning at money is 80 percent behavior and 20 percent head knowledge. What to do isn’t the problem; doing it is. Most of us know what to do, but we just don’t do it. If I can control the guy in the mirror, I can be skinny and rich” —

Dave Ramsey

Ah, the Money Pits. Those ongoing money drains of your financial resources that generate expenses, depreciate faster than you realize, and are often not practical or sustainable. People are seduced by a Money Pit's sexiness of what could be, regardless of the risks and consequences.

There are three ways to look at Money Pits:

1. Avoid Money Pits
2. Limit Money Pits
3. Sell or Dump Money Pits

[Fixer Uppers and Restorations](#) Older houses and classic cars are examples of money pits. Don't get me wrong. Buying a fixer upper rather than a new house in a gated community could be one of the wisest investments you could make. That fancy schmancy house can wait.



[Fixer Uppers and Restorations](#) Older houses and classic cars are examples of Money Pits. Don't get me wrong. Buying a fixer-upper rather than a new house in a gated community could be one of the wisest thing you could do. That fancy schmancy house can wait.

However, a great deal is not always a great deal. Or even a good one. A fixer-upper needs to be structurally sound upon purchase. It's a good idea to visit a house during really bad weather. A bad leaky roof could shave off \$10,000 of value just like that.

If you have, or will buy an older house, wait until the needle on your net worth gauge is in the green. Be prepared to hold off on the fixing upping. Take the tax write off, build equity, and be happy.

The upgrades like a new backyard, replacing the carpet and remodeling the kitchen can wait. I refer to Dave Ramsey once more regarding this topic in a humorous way:



[Classic Cars](#) Yeah, Money Pit. Soon after I left high school I bought a '66 Mustang. I spent a lot of time and money on it. I had a motor head friend help me restore it. Problem was, as we replaced parts and upholstery and rims, something more expensive would break down. Like the transmission.

I ended up selling my '66 Mustang for a lot less that I put into it.

Lesson learned. Money pit.

Alcohol Okay, I promise I won't preach to you. I used to drink alcohol every day. But I've learned what a money-suck alcohol is. Wifey asked me to pick up a six-pack of Newcastles last week. \$11.11. Yikes! Have to say I was shocked at the cost for six beers.

Back in the day I could match drink for drink with just about anyone. But that was years ago. These days I drink wine or a little vodka. I must control my alcohol intake or it will control me. Alcohol is something I can measure. If I can measure it, then I can control it. Left to my own devices, I would be a mess and it would control me.

Yeah, that's a lot of mula mula over the course of a year. My net worth thanks me. My brain thanks me. My liver thanks me. They would hug me if they could.

Oh By The Way: I never drink two days in a row. Unless we're on a cruise ship. I don't day drink. Unless we're on a cruise ship. And I usually go to bed by 11:00 pm. Unless we're on a cruise ship.

So that leaves, at the very most, a window of about five hours every other day to drink (not guzzle) alcohol. Using this measured control, I have cut my alcohol consumption, and alcohol spending, by what I estimate to be around 80%.

Entertainment Yes, entertainment is necessary to keep us from losing our marbles in this crazy busy world. I love taking the family to the movies. But we are always looking for ways to save money, such as buying tickets at Costco or the local AAA office.

This cost of seeing a movie just dropped from \$52.00 to \$40.00 for a family of four representing a 23% savings. Folks, sometimes you're just going to have to look at life through frugal lenses and money saved as a percentage rather than a dollar amount. 23%

saved sure looks better than \$12 saved. It all adds up to moving the needle on your net worth big time.



We still buy the large popcorn since there are free refills. We break the large tub of popcorn down into four smaller boxes (you just have to ask for them) and refill if we want more. We used to get cups at the counter and split the large cherry ICEE when the kids were young. They're teenagers now so that no longer works.

We sometimes bring bottled waters and individual Ziploc baggies of fresh cut fruits and veggies as a snack. Be careful to softly chew the carrot sticks as people will give you the stink eye if you crunch them.



[Cheap Seats](#) Then there is the \$2.00 movie theatre. No, this venue does not show B movies from the 1950s. These flicks are transitioning between theatres and Redbox. They have the same great shows running a few months after release. Our local icon-theatre is clean, has nice comfy seats, and has 3-D versions at \$4.00 a ticket.

[Review and Revise](#) I review my assets, liabilities and expenditures about once a month. I also review smaller things like subscriptions. Cable bill \$140 a month? Really? I don't think so. We scaled back and cut this and that until we finally cancelled our cable subscription.



We did have Sling TV for ESPN. Then along came YouTube TV from Google. For \$35.00 a month you get a lot of channels and up to six people can watch at the same time on six different devices. Most TVs today are smart TVs so you can watch from the comfort of your living room sofa.

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Since Wifey and I love documentaries, we watch them on YouTube for free.

[Oh By The Way](#) Most Smart TVs you buy today have ROKU installed. And we'll keep Netflix subscription.



[Call to Action](#) Remember, there are three ways to look at Money Pits:

1. Avoid Money Pits
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List your Money Pits. When finished, show your list to family and friends (refer to the previous chapter *It Takes a Village*) and ask if they agree with your lineup of financial drains. You might be surprised if they add a few items. Receive their assessments as constructive criticism, grab your Sword of Gryffindor, and slay a few more sacred cows.

Recommended Movie

[The Money Pit](#)



Walter Fielding and Anna Crowley have to start looking for a new house- but there's not much they can afford! This soon changes when they meet a lonely old con artist who sells them a beautiful mansion at a ridiculously low price. Only there's a catch. The second they move into the house it falls apart, starting with the stairway collapsing to the bathtub falling through the floor to eventually the chimney falling into the house! Finally, they have to renovate the house before the frame collapses but the renovations also prove to be a disaster – *IMDb review*