

THE FIRST FAMILY OF FRUGAL

Running on a platform of fiscal conservatism, this party balances budgets to the penny, shops with surgical precision, and hones bargain-hunting to a fine art. For the Economideses, the most cost-conscious clan in the country, saving money is all relative.

BY ERIC DEXHEIMER ■ PHOTOGRAPHS BY WILLIAM HOWARD

Annette and Steve Economides are concerned about their eldest son. Where could they have gone wrong? "He's in a questioning period now," Annette says softly. Several weeks ago, John, 22, moved out of the family's spacious Scottsdale, Arizona, home. Now, to his parents' horror, he's starting to...fill out credit card applications. "He swears he's going to get little ones," the 44-year-old mother adds, her voice thick with worry. "Gas cards and so on."

Some parents agonize about drugs, others about teen pregnancy. But if you're the head of America's most frugal family, what keeps you up at night is your children's finances. "Debt is an awful, awful thing," Annette declares. "It puts a chain around your neck. It's hell on earth. A nightmare."

Or so she's heard. Truth is, the Economideses have little firsthand experience with owing money. Just 10 years after buying their current home, the couple have paid off nearly 80 percent of their mortgage; they carry zero credit card debt (because they refuse to carry credit cards) and have purchased both of their used cars with cash. In a city whose name is practically synonymous with suburban affluence, Steve, 47, Annette, their five children (John, Becky, 20, Roy, 15, Joe, 13, and Abbey, 11), plus two dogs and six turtles, enjoy the good life on less than \$35,000 a year—about 40 percent less than the median household income in Scottsdale. Thanks to a strict no-cent-unaccounted-for budget that emphasizes meticulous planning (Steve and

BUDGET LIVING MAGAZINE

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GOT MILK MONEY? On their monthly supermarket runs, Steve and Annette stock up on half gallons, top left. Left to right, from bottom left: The Economides household gather each weekend, ledgers and calendars in hand, for payday and a discussion of the coming week's schedule; Joe flashes his allowance, a sum earned through an elaborate point system; Steve stakes out the meat section and consults with Annette via walkie-talkie during their pilgrimage to the supermarket; Abbey sits atop her bunk bed, which was scored from a classified ad; paper-bagged paper bags stand at the ready—the supermarket offers a discount for using your own bags; Steve and Annette play go carts after dividing and conquering the month's grocery shopping; with one look at the receipt, the Economideses register their savings.

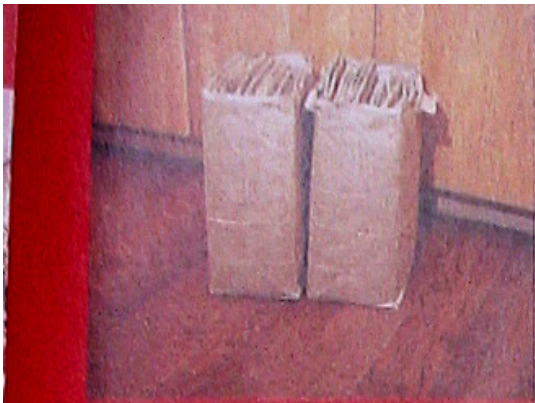
Annette shop for groceries just once a month) and a decided lack of frills (all haircuts, except Annette's, are D.I.Y.), the Economides family—yes, it's their real name—have achieved the seemingly impossible dream of living well, within their means.

The Economideses not only live *la vida económica*, taking it further than perhaps anyone else ever would, but they're intent on spreading the gospel of good budgeting. Their pulpit: the *HomeEconomiser*, Steve and Annette's bimonthly newsletter, which lists Steve as CEO—Cheap Economizing Officer. He quit his job at a Phoenix advertising design firm in January 2003 to launch the newsletter, and two months later the first edition rolled off the presses, offering advice on how to save big by contesting property taxes, navigating eBay auctions, and throwing inexpensive teen birthday parties. (The family's more extreme money-saving measures are edited out of the newsletter. WE ARE NOT ADVOCATING THAT EVERYONE SHOULD LIVE THE WAY WE DO reads a disclaimer on the accompanying website, homeeconomiser.com.) Today the publication boasts more than 1,000 subscribers, each of whom pays \$12 a year. That's not exactly Microsoft money, but there's hope—promoting the culture of

cheap has paid off before. Namely, in the case of Amy Dacyczyn, who founded *The Tightwad Gazette* in 1990, which amassed a base of 60,000 paying subscribers. She retired in 1996 on a nifty nest egg but left behind a horde of unserved stingy readers. Seven years later, as the *HomeEconomiser* began to fill the void, the Economideses discovered an unexpected bonus: a kind of demi-celebrity. Last year the family appeared on ABC's *Good Morning America*. So Steve and Annette now spend part of their days tweaking the family's press kit and responding to interview requests from as far away as Australia, and a multi-book deal is said to be in the pipeline.

A BUDGET INHERITANCE

The seeds of thriftiness were sown early for both Steve and Annette, who grew up in Chicago and on Long Island, respectively, in working-class homes where money was scarce. Annette's father, Sylvester, still wears his tightfistedness like an old pair of jeans. "You wanna know the definition of frugal?" he asks. "I was married 45 years and never had a repairman in the house." ("He's very thrifty—actually, he's cheap," Steve says of his father-in-law, acknowledging that there's a distinction.) But Steve's own



SECRETS OF THE SUPER MARKETERS

Steve and Annette descend upon the grocery store around 7 P.M. for their monthly five-hour-long grocery run (no kids allowed, lest they knock Operation Shop Smart off course). After greeting the checker by name—think Safeway meets Cheers—the couple switch on their walkie-talkies and hit the store, with Steve taking the perimeter and Annette handling the interior aisles. Seconds into the excursion, Annette's walkie-talkie crackles with the news that Steve has stumbled across 50 cent tubs of margarine. She tells him to snag six. In produce, Steve weighs several bags of carrots and, after careful consideration, picks the heaviest one. "You can find a 'one pound' bag of carrots that's a pound and a half," he says.

Two carts of goods come to \$212.72, including a 50 cent rebate for having brought their own paper bags, some of which are so old that the stores they came from have shut down.

Trying the couple's approach without practice would be like going from the La-Z-Boy to a marathon—you'd sprain something. But their shopping principles are pretty simple: **PLAY THE FIELD.** The Economideses visit three markets, including a fresh-fruit outlet, to gather a month's supplies. **BUY IN BULK—JUDICIOUSLY.** Economides research shows that stocking up on a good sale at the grocery store can yield a better bargain than hauling home a pallet of peanut butter from a wholesale warehouse. **PLAN MEALS.** Relying on about 100 time-tested menus, Annette schedules family dinners a month in advance. **Lesson: Spontaneity is the enemy of parsimony.**

father was equally cost-conscious. Steve remembers being more impressed with the fact that his dad paid cash for a 1976 blue Cutlass Supreme than with the sweet ride itself.

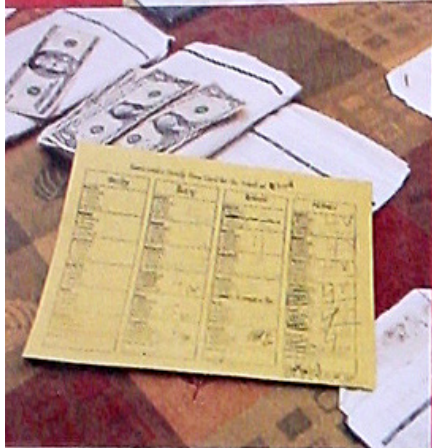
Despite having been raised by skinflints, "neither of us was trained to handle money," Annette says. The couple received their first real lesson in 1982 at a church-sponsored marriage prep class that counseled couples to divide their dollars into categories based on anticipated expenses. The young Economideses took the advice to heart. Steve bicycled to and from his \$7-an-hour gig as a graphic designer. Each week he brought home his pay and stuffed it into an array of envelopes representing various mini budgets: medical, clothes, and so on. Annette used the tiny sums to buy sale-item foods in bulk and secondhand orange-and-plaid furniture. "Pretty soon we had so much cash sitting around it made us nervous, so we started putting it in the bank," Steve recalls.

Most couples would have abandoned the system once their salaries swelled. But even as Steve's career took off, for the prospering Economides family, the discovery that they could live cheaply without privation was a revelation. "We saw such



joy and peace and freedom," Annette remembers. They also found that they kind of liked hoarding money and began to take pride in their scrupulous fiscal management. By 1985 they had bought their first house—which they paid off just nine years after moving in—and were offering advice and tips to financially troubled friends and relatives.

Through it all, Steve and Annette have corralled their budget because they've treated it like a disruptive child whose behavior improves with discipline and guidance. The Economideses maintain as many systems as NASA—some of them only slightly less complex—and keeping the delicate balance demands that everyone pitch in. A list of the kids' chores hangs in their study room and identifies 59 separate weekly tasks; payday, in which a byzantine formula of earned points is translated into dollars and cents, takes place every Sunday (see "Paychecks and Balances," next page). Each weekend the entire family meets to review schedules for the week ahead. Everyone, including 11-year-old Abbey, brings along a date book. Financial emancipation arrives early in the Economides household, too: The kids start buying their own clothes at the age of 11. "They soon find that the



PAYCHECKS AND BALANCES

For most American children, an allowance is an arbitrary sum handed down by Mom and Dad. In the Economidese's home, however, spending money is earned through points, each worth 5 to 15 cents. The kids score a point for each day they wake up, get dressed, make their beds, and eat breakfast without complaint. Another point is granted for completing daily chores, one more for doing school work. Extra points are awarded for good deeds—like vacuuming the pool without being asked. Taking part in the twice-monthly cleaning day? That's worth another \$4 or \$5. If a child reaches 25 points in a week, his or her pay is doubled. Hence, this Nobel-level formula for Joe's allowance of \$11.50: 25 points x 0.15 x 2 (double pay) + \$4 (cleaning day). Got all that? The parents also apportion their kids' money: 20 percent to savings, 10 percent to a charitable cause. That leaves 70 percent for spending. But even if you're not ready to implement this incentive program in your home, there is still much to learn from the Economidese's model:

SET AN EXAMPLE. If you go off on a wild binge buying Starbucks lattes, your kids are likely to swim in your wasteful wake. "Child discipline is more parents being disciplined than anything else," Steve says.

FIND THE RIGHT PLAN. Paying the kids every time they say thanks isn't financially wise, but rewarding them only when they retar the roof won't cut it either. Decide what works for both of you and stick with it.

DON'T DELAY FUN. Roy stalks model airplanes on eBay, Becky hunts for horse figurines, Joe collects trading cards—and why not? Good budgeting stresses planning and research, not denial.



mall isn't the place to get them," Steve says.

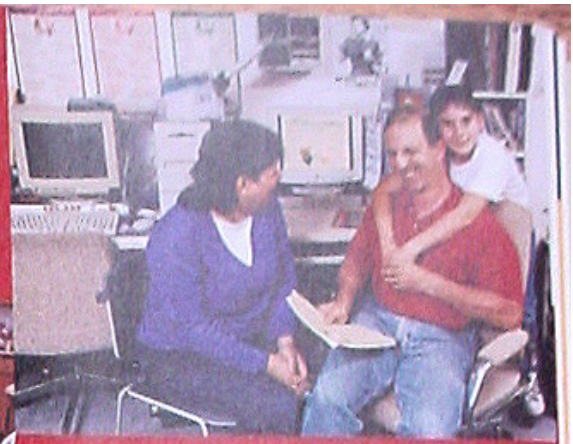
Food shopping, however, remains the parents' purview. The last Friday of every month, they gather their coupons and embark on a grocery-shopping spree that's planned like a military campaign (see "Secrets of the Super Marketers," previous page). Drawing on years of parsimonious practice, they somehow feed the family on an unwhopping \$350 a month. The key? Once-a-Month Cooking Day, when the whole gang straps on aprons and spends a long Saturday prepping chicken potpie, beef Stroganoff, and other meals that are stored in a giant freezer and consumed over the course of four weeks. For a dash of variety, the family will occasionally splurge on dinner at the local pizzeria.

Although managing the family can be a complex affair, Steve and Annette's approach to money is based on the fundamentals they learned in that marriage prep class all those years ago. They continue to consult each other on just about any purchase more than \$20. And their master ledger is still stored in a white binder labeled ECONOMIDESE FAMILY BUDGET, though the number of categories has grown to 21, from clothing to pets to "joy," a fund for such extras as Boy Scout trips. The result: Even in years

when Steve's earnings surpassed \$100,000, the family's annual living expenses remained at less than \$35,000. "Frugality isn't just tightening the belt in an emergency," he explains. "It's a lifestyle."

THE COST OF CUTTING

Of course, the family's lifestyle might be exacting its own price. Isn't obsessively watching every penny just the other side of the same coin worshipped by so many reckless spenders? And what about living without the thrilling sense of spiritual renewal that comes with splurging on, say, a pair of cashmere socks? The Economidese clan will tell you that it pales in comparison to the thrill of getting something for nothing. Their home, nestled in a suburban cul-de-sac and buffered by fruit trees, is decorated largely with castoffs, new(ish) toys, and the (almost) latest furnishings. "The kids' beds are made from wood we took from old water beds," Steve notes. "People are just throwing this stuff away!" Most of the Economidese's shelves are hand-me-downs, too—the materials snatched from profligate neighbors. "The boards still had the UPC number from Home Depot!" Steve says incredulously. "We never turn down anything people want to give us."



EARNING THEIR KEEP Every Economides kid learns to work it, thanks to a master list of 59 chores broken down by day for each child (far left, bottom). Left to right, from top left, Poppa Steve plays pay clerk, doling out the kids' well-deserved allowances; Joe is fully equipped to dive into his onion peeling; the whole clan, including a visiting John (at far right), gathers in front of the family's Scottsdale home; freezing your assets can pay off when it comes to making and keeping meals on ice; Roy pitches in to help make enough enchiladas, burgers, and baked ziti for an army of Economideses; Abbey hangs on her father and his every word as he jokes with Annette in the HomeEconomiser's headquarters; Becky proudly shows that one can assemble a valuable collection of horse figurines—she's scored around 100, none for more than \$60—without getting saddled with debt.

Only some of these acquisitions will be rebuilt, however; others are sold at thrift stores or on eBay, while still others are given as donations. But the problem with accepting everything is clear: Half of the family's four-car garage is unavailable to vehicles. Sports equipment obscures an entire wall. Mounds of old computers occupy one bay. And the menagerie continues: eight suitcases, five bowling pins, three sets of crutches, seven folding tables, five mattresses, one hamster cage, and nine red railroad lanterns that sit atop some old kitchen cabinets. Dozens of boxes are stuffed with potential giveaways and catalogued with an index card system so complex it would give Dewey regrets. "I know," says Steve, surveying the scene. "It's disgusting." Then his attention drifts to the motion-detector light, installed, he notes, to save electricity.

To an outsider, all this scavenging and pack-ratting might seem a little depressing, but spend a few days in the Economideses' home and you can't help but notice the smiles, the laughter, the air of satisfaction. Abbey, for one, is delighted with her new Barbie car—and maybe more excited about its bargain-basement price. "My parents got it at Super Wal-Mart on clearance for \$12!" she says,

quickly adding that the toy would have normally cost \$30. Becky, too, takes pride in her frugal family values: "My friend said the other day, 'Dillard's is having a sale on gowns!' I went in and was like, 'Eek! Who in her right mind would spend \$100 on a gown?' I could get it for \$17 at a thrift store."

That is not to say the Economideses' way has gone unchallenged. A few miles away, John, settled into his own place and working part-time as a lighting and sound technician, is conspicuously experimenting with America's vital consumer economy. "I like to spend," the college senior confesses. "My dad would never sink \$1,000 into a computer like I did. He'd wait, and wait, and wait. But I want it now!"

Yet Steve, ever the hopeful father, has faith in his oldest son. It's only a matter of time, he figures, before his profligate child rejects the siren call of retail and returns to his Economides roots. "John thinks we're nuts about some things," the elder Economides concedes, then adds, "but I really think thriftiness is in his blood." **[BL]**

To learn more about the Economideses' money-saving tips, visit homeeconomiser.com. Or send a self-addressed, stamped envelope to HomeEconomiser Sample Issue, P.O. Box 12603, Scottsdale, AZ 85267.