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NEW YORK BUSINESS

OPINION

June 8, 2018 12:01 a.m.

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How to live in an 'ExpenCity'

A handy guide to affording New York and other high-cost areas

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Many of us have visited an “ExpenCity” at one time or another. These are cities characterized by housing expenses as steep as a Manhattan skyscraper and by staggering costs for other basics ranging from food to entertainment.

What if you live in an area with a lower cost of living but you landed your high-paying dream job in an ExpenCity? New York City’s cost-of-living is about 63% more than Des Moines, Iowa’s, and 54% more than Albany’s. If you find yourself settling in an

ExpenCity, remember these three C's: careful budgeting, creativity and consistent attention.

The [50-20-30 rule](#) is often used as a basic budgeting model. How does it work? First, it is a guide rather than an absolute rule. You may need to adjust the percentages a bit to make it work for you, particularly if you live in an ExpenCity.

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About half of your budget should be directed to essentials—putting a roof over your head and food on the table. Within that 50%, traditionally [30% gets set aside for housing](#), though you may find that limit challenging in an ExpenCity. For that reason, you may want to be a bit more flexible within your 50%, including how you allocate your take-home income between housing, food, transportation and other essentials.

The next 20% of your income should ideally be reserved for saving and paying back debt, such as credit-card balances and student loans. You may not be able to save at “full capacity” as you start out with your budget ... and that's okay. Putting aside even a small amount, such as 5% of your take-home income each month, is a great start. Aim to periodically increase that savings by a percentage point.

The final 30% under this guideline can be considered your “enjoyment” money. Be cautious, as expenditures in this category can quickly spiral out of control. ExpenCities are often very desirable places because of the numerous attractions they boast. As a result, it's often tempting to dip into funds reserved for other categories because of a particularly interesting Broadway show, highly-rated restaurant, compelling museum or other such venue. Exercise discipline with nonessentials.

The scarcity of reasonably priced housing in ExpenCities makes it critical to be creative and flexible when choosing where to live. Consider creating a chart that weighs the pluses and minuses of every location within a practical distance of where you'll be working. How much is the rent? Will roommates help offset the cost? Can you live with an extra half hour of commuting each day if it means substantially lower expenses?

Does your job allow for some form of telecommuting? If so, you can widen your search. But if you can't telecommute, or must commute during rush hour, it may be wise to look carefully at the intrinsic cost involved with your commute, and consider living closer to work.

Here is where creatively reconfiguring the 50-20-30 guideline may come in handy. For example, you might find an apartment that pushes your “essential costs” from 50% of your income all the way up to 60%. Yet on the flipside, the apartment's location could shave almost an hour off your commute each way and allow you to live closer to more amenities. This is where you have to personally weigh the value of all the nuances and your different options living in or around an ExpenCity.

Consistency in budgeting from the outset will be an important factor in determining whether you reach your long-term financial goals and dreams.

There is a continual tug of war between wanting to live well in the present and saving for the future. The balance means striving to live comfortably within your means today while still planning appropriately and saving consistently for tomorrow.

All of us have unique financial goals and dreams. Some of these goals, such as paying for our children's college education or saving properly for our retirement, may be many years down the road. It is challenging enough to achieve these goals when we have ample discretionary income to put towards them. But when you live in an ExpenCity, they can become even more daunting. Nevertheless, with careful, creative, and consistent planning and budgeting, you may find that living in an ExpenCity is the best choice you ever make.

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