

## 32: The Abundance of Frugality with Dr. Disha Spath



### Full Episode Transcript

With Your Host

**Bonnie Koo, MD**

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Welcome to The Wealthy Mom MD Podcast, a podcast for women physicians who want to learn how to live a wealthy life. In this podcast you will learn how to make money work for you, how you can have more of it and learn the tools to empower you to live a life on purpose. Get ready to up-level your money and your life. I'm your host, Dr. Bonnie Koo.

Welcome to episode 32. Today, I have a special guest. I have Dr. Disha Spath. You may know her as the Frugal Physician. Now, you might be wondering, what is the Frugal Physician and Wealthy Mom MD doing in the same room?

Well, I'm so glad you asked. You're in for a treat because you're going to learn what frugality really means and how frugality and wealth can go hand in hand without feeling deprived. We really delve into the true meaning of frugality and what it doesn't mean.

Now, Dr. Disha Spath, the Frugal Physician, she is a primary care physician and she's based in New York State. And she paid off multiple six-figure student loans in a year and a half. And so, we're very similar in that we both love educating physicians, women physicians about money and how to live their best life. And she does it through selective frugality and common-sense investing.

So, anyway, let's get on with the show.

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Bonnie: Welcome, Disha Spath, to the podcast.

Disha: Thanks for having me. I'm so excited to be here.

Bonnie: So, I bet people listening now are like, "What is the Frugal Physician and Wealthy Mom MD doing in the same place?"

Disha: Yeah, like we definitely have what seem to be kind of opposing theories. But I don't think they are.

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Bonnie: Yeah, so I think this is going to be a super-fun episode. So, what I thought we could do is just talk about what frugality means to you and I'm going to tell you what I found on the internet as to what frugality means because I think there's a lot of misinterpretation of what frugal means. So, I thought that would be a good place to start.

Disha: Yeah, absolutely.

Bonnie: Tell me what your definition of being frugal is.

Disha: Being frugal, to me, is making intentional spending decisions to get the most value out of whatever you are spending on and meeting your final goals, or being wealthy and building wealth.

Bonnie: Yeah, so I think we should first clarify that you are interested in building wealth too.

Disha: Right, exactly. I think there are different ways to build wealth and there are different tools we can use. Investing is one of them. But just focusing on investing and not the spending side can sometimes get us in trouble. Not trouble, it might just slow down our progress a little bit because if we focused on the spending side, we'd have more money to invest and build wealth even faster.

Bonnie: I totally agree with you. I think identifying your cash flow, budgeting, whatever you want to call it is kind of an overlooked area because it's not sexy.

Disha: Right, saving money is not very sexy to talk about. But honestly, I think there are different kinds of people and there's a certain segment of people that love talking about how much they save money. And I happen to be one of them.

Bonnie: Well, I definitely am of the philosophy, you know, the more cash that you can identify to put towards investing, which you can do through tools like frugality, then the quicker you can build wealth. So, I'm totally on board with that. And I actually started revisiting our spending recently after

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kind of taking a hiatus. And there are definitely areas that we can improve on without decreasing our quality of life. I think a lot of people are afraid that if they embrace frugality, that they're going to have to live differently.

Disha: Right, exactly. I think a lot of people think being frugal is just, they shut down. And I was the same way. I didn't want to be frugal because I thought I deserved not to be frugal. Because I worked so hard for so long, I shouldn't need to be frugal anymore. And I think that's a real block in people's thinking that holds them back a little bit because you deserve to get a good value. You deserve not to throw your money away. Your kids deserve to have a stable financial future. You deserve not to ever have to worry about money.

The thing is, when you don't worry about money, when you stop, when you don't think about the money, the money controls you. But when you decide to control your money and take a look around and look at what you're spending and whether you're spending well or not in certain areas, that's when you are controlling your money and making it work for you and it's not controlling you.

Bonnie: Yeah, I love the way that you describe that. So, I looked up what frugality means online, the internets. So, let me tell you what it said. So, I found two definitions and I want to see what your thoughts are. So, the first definition I found, and I think this was from Merriam Webster, says, "Characterized by or reflecting economy and the use of resources."

Disha: I like that.

Bonnie: The second definition said, "The quality of being frugal or prudent in saving, the lack of wastefulness."

Disha: Yeah, I like all of that. That's awesome. I agree. And you know, the reason I agree is the reflecting economy of the use of resources, I love that because a lot of times, when you make frugal changes in your life, you're also ultimately saving resources of the planet. And I really love how being green, being frugal sometimes go hand in hand.

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For example, we just decided to switch from using paper towels to using cloth napkins. And I'm so happy about that change because not only are we saving the \$20, \$25 we were spending on paper towels maybe every month let's say. Not only are we saving that money. We're also not ultimately using up all the resources that it took to get that paper towel made and then transported to me and then processed afterwards. Because you can't recycle paper towels. They create too much of a mess, so you have to trash them.

And, you know, all that energy in the world, I think I'm contributing just a little bit to helping save some of the resources that our planet has as well. And it's super-frugal because now I'm saving that money that I would have been spending otherwise, and that makes me feel good too.

Bonnie: That's an interesting point. So, I think I definitely had a different interpretation of frugality, you know, before I started doing research for this episode that we're doing right now. And I love that you agree that frugality also encompasses saving the planet, basically. So, we use cloth napkins as well.

Matt's not 100% onboard with using them. But we're definitely decreasing our use of napkins because we have them. And he's getting more into them. This is kind of an aside, but the napkins I ultimately bought were from Crate and Barrel like a year ago. And they were real effing hard initially and I remember being disappointed. Like, "Oh, I bought the wrong ones." But over time, thankfully, I think after washing them several times, they've actually gotten softer. So, I think he doesn't mind using them now.

So, I think a lot of people, initially, will feel like, "Oh, but they're more expensive." But it's just a onetime cost versus having to keep buying napkins, paper towels, whatever you want to call it, right?

Disha: Exactly. There's an upfront investment, but then you never have to buy those napkins, at least not regularly, ever again. You just replace the ones that you lose or can't use anymore. But yeah, we just wash and reuse. And it also feels more luxurious, interestingly.

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Bonnie: Oh, I totally agree.

Disha: Yeah, to have a cloth napkin at every meal, no matter if you're eating mac and cheese or sitting down at the table or whatever. And then cleaning up with – I have surgical towels. I ordered a bunch of huck towels from Amazon and it was like \$25 for an entire box of 50 huck towels. And those will last us forever. I mean, I have like a huge stack in my laundry room and then I have some that I keep in the kitchen. I just keep replacing them as we use them. It's great.

Bonnie: Yeah, I have something similar. I bought these blue microfiber towels to replace using paper towels to, like, wipe the counter. Again, Matt still prefers paper towels. I use the blue towels. He uses the paper towels. But I figured, overall, we're probably reducing our impact on the environment.

Disha: Yeah, reducing that consumption and also saving money. It's a nice side effect.

Bonnie: Yeah, okay, awesome. I'm glad we're in agreement there. So, let's talk about what frugality isn't.

Disha: Okay, so hate it when frugal people get on their high horse and start judging everyone. I feel like that's more being cheap because frugality isn't a set thing for anyone. I think frugality is the economy of resources, or meeting your goals by spending your money more thoughtfully and looking for value. And value is different for everyone, depending on your perspective. Some things are of great value to some people and not to other people. Frugality is not one thing. You cannot judge other people for their spending decisions, I don't think. I don't think you should.

Bonnie: Yeah, so people definitely judge other people for how they spend their money and there are some – I don't know if I'd call them frugal people but – people who spend less or they think they're spending their money better than you are. That's kind of the sentiment, right?

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Disha: Yeah, I hate that. I think there's this vision of someone that is frugal that lives in a tiny house and drives a bicycle everywhere and doesn't buy new clothes. And I think that is one version of frugal. But I think everyone's frugal can be different. Depending on different goals, how quickly you want to save money and what you want your living expenses to be, I think we can be frugal at every income level and every living expense and every goal level.

Bonnie: Yeah, that totally makes sense to me. Since you mentioned being cheap, let's talk about being stingy and being cheap and how these are not synonymous with frugality. Because I think a lot of people, including myself initially, thought that being frugal meant you had to be stingy or cheap or just – I'm Korean, and so I have these images of the Asian markets where you're trying to – what's the word? It escaped my mind. You basically try to negotiate...

Disha: Haggle.

Bonnie: Yeah, haggle on the price, you know.

Disha: Okay, so I think haggling is different because in those markets, that is the standard, that you are expected to haggle the price down and say, "No, I'll pay you \$1 for this thing you want to charge me \$50 for." And then, "If you don't give it to me for \$1, I'm walking away." And then that person is chasing you down the street and, you know. So, I'm like, I totally get that. I'm from India and my mom's sisters were excellent hagglers. I mean, my god, they were so aggressive.

Bonnie: I've seen it in action. It's crazy, yeah.

Disha: Yeah, and I honestly, I let that loose sometimes when I'm negotiating buying houses and stuff. But people tell me I can be a little intimidating. But I generally don't do that.

Bonnie: You're not going to Walmart and haggling with the workers there.



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Disha: The standard is different in this country, thankfully. Because it is tiring, you know. It can be fun. I honestly find it a little fun. But most of the time, it's pretty tiring and not necessary.

So, being cheap. What makes you cheap? Well, I think being cheap is you're trying to get the lowest price. Now, there's a difference between cost and price and value. And I think in my mind, what I define as cheap is someone that only looks at the cost of something or the price of something, but they're not looking at the value.

So, the price of something is what you pay upfront. The cost of owning something is what you are going to end up paying over the lifetime of that product. And value is more subjective. It's, how much is it a good thing?

So, for example, you buy a \$5 pant, you know. The price of that pant is 4%. The cost of owning that pant is, well, buying a \$5 pant and then washing it or whatever, upkeeping it. And the value of that \$5 pant is, well, it's going to give you something to wear and it's going to keep you warm, but the value of a \$5 pant, for this particular \$5 pant, it's not of great value because it is made of cheap materials that's going to break down on you and the colors are going to bleed all over the rest of your clothes when you wash it. And then the cost of buying that pant actually goes up a lot because now you're going to have to replace your entire wardrobe because it's going to be blue.

Bonnie: I love just that visual. I actually love that you chose clothing as an example because I have sort of changed how I see buying clothing and I'm more of the – I would rather buy a higher quality top, pants, jacket, whatever that will give me longevity.

Disha: Yeah, I'm totally with you on that too now I used to buy more cheap clothes. But I'm definitely of the mindset now that, you know, I'm going to buy something that I need to buy once and that I can wear for years to come and I don't have to spend money on that again.

And I do think that there are ways to buy nice stuff, the high-value stuff for a good price that is not going to break the bank and it's going to last you



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forever. Things like the synthetic material, you know, dresses that are made of the synthetic material that seem to never fade and never get bad, I think that's of really good value for me. And I tend to buy things that are machine washable. I hate buying stuff that's dry-clean only.

Bonnie: Same here. It's just a pain in the butt.

Disha: Yeah, it is.

Bonnie: And money.

Disha: It is so much money. And yeah, it's a pain in the butt. It takes up so much of your life to go and drop it off. And then, I'm really bad with logistics like that. So, I try to keep it pretty low-maintenance. And I usually, like the ice clothes that I buy, I don't dry them in the dryer because I feel like that takes the life out of them. So, you know, hang dry.

And honestly, I think you can get some really good value if you buy some of the used stuff from rental subscription companies, like Rent the Runway or Le Tote. And they sell some of the stuff that's been in rotation for a while for really good prices in some of their sales. So, you can get designer clothes to have.

Bonnie: I guess the good news is, with COVID, there's really no need for new clothes right now.

Disha: Yeah, that is true. It's kind of sad, but yeah, it's true. I did buy some new scrubs.

Bonnie: Yeah, well I got new scrubs last year. But I bought FIGS, what are obviously not super inexpensive. But they're pretty high-quality. I've washed them several times and they still look new. So, I'm pretty happy with that.

Disha: Yeah, I bought some FIGS too. We are not sponsored by FIGS here today.

Bonnie: Not yet...

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Disha: Yeah, you might want to work on that. But no, I love my FIGS too. They're great. And I think it's so important because I'm washing my scrubs all the time right now after every shift.

Bonnie: Yeah, and I just feel like, you know, I'm not wearing scrubs right now. But I just feel like, if I'm going to be wearing scrubs, I kind of want scrubs that are, A, comfortable, and B, you might as well look a little nice if you're wearing them all day.

Disha: It's true. It makes you feel a little bit better, I think.

Bonnie: Yeah, instead of those machine scrubs...

Disha: The elephant scrubs. Why don't we make – first of all, I felt like when I was training, doctors weren't allowed to wear the nurse scrubs. You know what I'm talking about, the fitted women scrubs? I always felt like I had to wear the elephant scrubs that are out to five times my body width. What's with that?

Bonnie: I don't know. I just remember, when I was in medical school, we got like a scrub code. And I guess all hospitals – I don't know, where I trained, they would just come out of a vending machine. And I don't think you can pick the size. So, you just got whatever was available.

Disha: Yeah, that's right.

Bonnie: I guess the good news is, since you and I aren't huge people, they would all fit us.

Disha: There is that. But we could probably share one.

Bonnie: So, let's talk about frugality and how it fits in with abundance versus scarcity mindsets.

Disha: Yeah, so I find this interesting because I think frugality can come from both sides, you know. Sometimes, when you start saving money, when I start saving money, I get into this mindset that's like, I just don't want to spend money on anything. Like, I have this goal and we're just not

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going to spend money on anything and we're going to just start building up cash and building up cash.

And I do get into this scarcity mindset sometimes of there's not enough money. We need to do this faster. We need to get to financial independence. And I think the scarcity mindset of feeling like there's not enough money ever is really bad for us, really unhealthy.

And there is a way to come to frugality from an abundance mindset of there is enough, there is plenty, in fact. We don't need anything else. If we need something, we do it intentionally. We buy it intentionally. We don't deprive ourselves.

And the way to do that is to be really clear with our goals. Instead of just saving for the sake of it, to not deprive ourselves, we just need to have a month goal. And I think this is why budgeting and making a spending plan is really important for me personally. It keeps me away from that scarcity mindset of never spending money. Because we have our goal spend on each category and we have our end of the month savings that we want to hit.

So, we put the goal spending for each category based on our end of the month savings goal and then that's it. So, I know that I have \$500 right now to spend on the house, or something. I have \$1000 I can use for shopping for whatever. And so, that gives me more peace of mind and keeps me out of the scarcity mindset in that I know that we are still meeting our goals, so I don't have to hold onto every single penny and I can still enjoy today.

Bonnie: Yeah, so I actually love what you just said because I also agree with you that having that monthly spending plan actually gives you a lot of freedom. So, it's funny. I have a tendency to overspend and I actually haven't examined – usually, overspending is from a scarcity mindset. But for me, the budgeting that I do monthly is to make sure that I don't overspend. Because I see things, I'm like, "Oh, that looks nice. I want to buy it." And now I've trained myself and I tell myself, this is what I can spend on whatever I want. Because I want that freedom to just buy

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something because I want to, right? I've just planned that money into my budget so I can do that without worrying about overspending.

Disha: Bonnie, I had no idea you had a budget.

Bonnie: Yeah, I use YNAB.

Disha: Yeah, that's right, I did know that. Awesome.

Bonnie: Yeah, but I took a break for a while because I'm like, "I don't need to budget." I definitely got a little, I don't know if arrogant is the word, or just didn't want to deal with it. Probably a bit of both. But then I just didn't have the same connection to my money when I wasn't keeping tabs on it. You know what I mean?

And so, I just honestly reexamined it recently and also, I had to kind of retrain myself on YNAB because I wasn't using all the tools effectively. Because you can actually set monthly, yearly goals, et cetera. I actually worked with a YNAB coach very briefly just to make sure I knew how to use it. But yeah, it was really eye-opening because you can just easily identify the areas where – it's not even like spending too much, but we're not being – I guess frugal is the right word. We're kind of just being wasteful for no good reason except for just because we're lazy and I didn't want to deal with it. You know what I mean?

Disha: Right, there's so much convenience spending out there. That's what I found when I first started keeping my budget too is that I spent a lot on just not wanting to think about it. Like, I didn't want to think about packing a lunch. So, I spent so much money on getting coffee on the way to work and getting coffee at work and then eating at work. And it really just took five minutes of my morning to pack a lunch. And then, all of that spending is done.

Bonnie: Yeah, so I think I'm still working on things. But it's been really good. And I really – we're both money people. I like looking at my money and I like to know where things are going. And especially since we're really trying to open up as much cashflow as possible to invest in real estate, the

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more I can optimize and not be wasteful on our spending, the more money I can free up to put into the real estate investing.

Disha: Exactly, yeah. Because if you think about Robert Kiyosaki's, like, cashflow and maps and stuff, he talks about cash coming in and cash going out and the rich dad poor dad. The poor dad, the cash comes in and then it goes right back out towards liabilities and expenses. And if we can keep some more of that cash to create that wealth circle, where the income coming in goes into our assets and then makes us more income and more assets and more income and more assets, the more money we can get to go into that circle, the better, the faster we reach our goals.

So, yeah, I think fighting frugality is coming from this mindset, this mindset block, that you just don't want to deprive yourself. But when you embrace frugality or just embrace being a little bit more economical, you make so much progress. And that's what I preach. It's like, don't fight it. It's not bad. And it's just a tool.

Bonnie: Yeah, I wonder if even just using different words – because like I said, some people hear frugal and they're like, "Oh my god, I don't want to look at this." And so, I don't think I use the word frugal. I think I say more like optimize, examine your spending, like do I really need to do this? Do I need to do that?

And there are some areas where we're spending a lot of money. But to me, it's worth spending that money for now. And I also tell people, there are different seasons in our lives. So, just to give an example, like, there was a season in my life where Jack was a little baby, I had just started going back to work. And so, I was willing to pay more for the convenience of food preparation.

But now that my life has sort of settled, I have more time. Then it's like, that's not worth paying for. So, I always – people get kind of stuck like they have all this stuff going on. I just say, just reexamine it in three, six months. Like, our lives are constantly changing. And so, there will be some seasons where you may spend more in a certain area and that will be worth it for

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your peace of mind. But then, the following season it might be a slower time and then you can take some more time to kind of optimize how you're spending your money.

Disha: Absolutely, yeah, and that's why coming back to the budget and coming back to your cashflow and just reevaluating that every month is so important, so useful. Because you can make those decisions very actively and thoughtfully rather than just continuing the habit just because.

Bonnie: Alright, so, let's finish up by – I want to hear your top frugal tips, or frugal hacks that you think might be useful. My biggest one is – my top frugal hacks revolve around building good habits and automating savings in our lives. Habits are a really great tool. If we just do one thing better every day and make that a habit, we can have exponential increase in the results and goodness that come from it.

Because once we establish it to be a habit, you no longer have to think about it. It no longer requires mental energy on your part. It just becomes a saving habit. So, what I like to do saving habit-wise, packing a lunch. I already mentioned that. Packing a lunch saves you so much money. Packing snacks and taking it to work.

I mean, right now, a lot of people aren't going to work. But as people start going back, that's one way to automate the savings in our life. That's \$10 saved every day.

And then shopping, you know, choosing where you shop, choosing how you shop can save you a lot of money too. Like, for example, doing grocery pickup for me was really important in saving money and making me stick to my grocery budget because I fall for placement. I fall for marketing really easily. So, I end up doing impulse spending a lot when I go into a store. So, I just don't go into a store anymore, you know. I just pick it all up.

Bonnie: And you save time.

Disha: Yeah, it's completely efficient and I save money and save time. It's a win-win for me. So, that's number two. Number three, you know, trying to

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analyze where you're spending money every day and decreasing that somehow. So, whether it's food, whether it's shelter – I think shelter is a big one for a lot of people, you know. We tend to get huge, huge, humongous houses that require a lot of upkeep. And trying to moderate that build so much just automatic savings into our budget.

So, I think that shelter, and then of course transportation. So, transportation is a big category for most people. But I feel like people end up spending so much money on cars for – I don't know why. I don't understand it.

Bonnie: You're not a car person, obviously.

Disha: I'm not a car person.

Bonnie: I'm not a car person either. So, I think we all have our vices in terms of areas we tend to throw a lot of money. I'm definitely not a car person. I don't care about the car. We happen to have a nice car, but that was mostly Matt's choice. If it was up to me, as long as it turns on and drives and has AC and the windows go up and down, I'm pretty good.

Disha: You know, I'm very big about not judging people for their choices. And that's buy the car that you want. However, do recognize that cars are not really great investments. They do depreciate in value. So, they are best bought if you can buy it in cash, you know.

If you can afford to buy it in cash, then have at it. but if you can somehow be more economical about it, that's a really great way to build in some savings into your budget, by not having a car payment, not having a lease payment, and having a car that doesn't require a ton of upkeep, doesn't require a ton of foreign parts and specialized people to work on it. It does save you a lot of money.

Bonnie: That's actually one of the reasons why we picked an Acura, because it's basically a Honda and it's reliable and doesn't break down, blah, blah, blah. But yeah, our gas bill has plummeted because we're not really driving. I think we fill it up once a month, if that, at this point.



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Disha: Yeah, what I love about this COVID pandemic, which I feel like no one has ever said before, “What I love about this COVID pandemic...” what I do love about this whole process is that we are all in this really interesting experiment in our lives where we’re finding all the places that money sort of leaked out of our pockets, you know. And all of a sudden, people are realizing that they’re saving so much more. And if we can utilize this time to realize all these ways that the money was going out of my pocket is now staying in, how can I sustain that in the future?

Bonnie: That’s such a great observation.

Disha: I mean, if people could learn so much about their spending habits and then make those into good habits going forward. This is such a great opportunity as things open back up, to just really notice right now, why are you saving so much money? Because those are the things that you should really watch as things get going again and try to optimize and try to save money in those categories, you know, later on down the line.

Bonnie: Yeah, for sure we’re saving money because we’re not traveling. I don’t think that was a super-crazy expense. But eating out was definitely a big expense for us.

Disha: Yeah, for a lot of people. And as things open back up, I would not advise everyone to stay inside. It’s not healthy, you know. As things get better, just build a budget. Be intentional about it say, “Okay, so how much do we really want to spend or can we spend on going out?”

So, if it’s \$300 a month or \$500 a month or whatever, \$1000 a month, just set that goal and then watch it. And it’s going to give you the freedom to do that without breaking the bank and still meet your goals and you’re going to feel really good about yourself and about your money.

Bonnie: Awesome. Well, this was so much fun to have you on the show and talk about this.

Disha: Thanks, Bonnie. I know, this was really fun. Thanks so much for having me.

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Bonnie: Yeah, well thanks so much for being here and we'll see everyone next week.

Disha: Alright, thank you.

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