

Fixed, Variable & Hidden

Money

Three kinds of spending, and why the third is the one that gets people.

Fixed — same every month

- Rent or mortgage
- Insurance premiums
- Subscriptions
- Loan repayments
- Easy to see, hard to change quickly

Variable — changes monthly

- Groceries and fuel
- Energy, especially seasonally
- Eating out, entertainment
- Harder to see, easier to change

THE DIFFERENCE THAT MATTERS

Hidden costs are the third kind: annual renewals, car servicing, Christmas, birthdays. They are fixed costs disguised as surprises.

Divide every irregular cost by twelve and set that aside monthly. The surprises stop being surprises.