



November 3, 2007

BASIC INSTINCTS

## Imbibers Add It All Up, and Gulp

By M.P. DUNLEAVEY

SEVERAL years ago in his book “Smart Women Finish Rich,” David Bach coined the term “latte factor” to capture the way in which an innocuous expense — like a daily cup of coffee — could put a dent in your budget.

For a country recently hooked on costly venti skim caramel macchiatos, Mr. Bach’s concept of the latte factor struck a financial nerve. By his calculations, a \$4.95 drink every workday could add up to tens of thousands in lost retirement savings.

Life is full of such little expenses, treats or vices — call them what you will. Add up what you spend regularly on cigarettes, music downloads or taking cabs and the total might shock you. But there’s one line item in particular that many people often forget, or seem unwilling to figure into their budgets: Let’s call it the Chablis factor.

Although I’m not a certified financial planner, I often help people analyze their expenses — usually because they ask — and a surprising number don’t know or don’t want to do the math to learn how much they are spending on wine, beer and liquor.

So I recruited three people to track their alcohol expenditures for one week. It wasn’t scientific. They were the only ones who responded to my e-mail request. I was curious to see if the Chablis factor was just a figment of my imagination, or whether others would find it eye-opening to calculate the cost of quaffing.

While Beth McKinley, an editor in Burlington, Vt., only spent \$18 on drinks during that week, she conceded that was unusually low. Because her work of publishing a local music magazine entails going out frequently, she said, “I usually spend about \$15 a night, at least three times a week.”

Her husband, Mike McKinley, an accountant, estimated beforehand that he would spend about \$35 for the week. Because a friend was visiting, he spent \$38 on drinks in the first two days — but for various reasons, ended up not spending any more as the days went on. “It was a weird

week,” he said. “Based on the way it started, it could have ended up in the hundreds,” he said.

The McKinleys noted that it’s particularly hard to pin down an average monthly outlay for alcohol. What you spend might vary wildly, depending on whether you drink at home or at a bar or restaurant, whether your social calendar is packed in a certain month, whether a special occasion ratchets up your purchases.

Still, they were surprised when they tallied up their individual estimates of \$45 and \$35 a week — for what they considered a modest level of consumption — to arrive at a total of well over \$300 a month. “It feels funny to hear that you’ve spent that amount on alcohol,” said Ms. McKinley.

Not that she or her husband would want to quit drinking altogether. They have no health reason to do so. “It is one of life’s pleasures,” she said. For many people living like a Puritan isn’t worth the financial gain. Still, tracking what you actually spend on alcohol or caffeine can illuminate financial priorities — whether you’ve defined them as such or not.

NOAH COLE, who works in public relations in Portland, Ore., recently tracked his household expenses in order to close a few gaps in his own budget. Although Mr. Cole did find some ways to adjust his expenses, “my wife and I were spending about \$150 a month on coffee,” he said. But until I asked him to do so, he hadn’t examined what he was spending on alcohol. It was \$75 for the week. “I was surprised it was that high,” he said.

A baseball fan, Mr. Cole attributes part of his consumption to the occasional six-pack of beer and going out with friends for end-of-season games. “It wasn’t an average week,” he said. “Alcohol has such a high degree of variability because it’s dependent on these external factors.”

Nonetheless, he said he found tracking this segment of his expenses illuminating — especially because it did not include what his wife might have spent on alcohol herself, going out with friends on her own time. Like the McKinleys, Mr. Cole doesn’t see himself or his wife renouncing this particular worldly pleasure. But he plans to keep an eye on what they spend. “Looking back to when we were tracking all our expenses, the alcohol total just got folded into the food budget,” he said. “I will break it out in future. It’s a sizable expense.”

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