



## How to Live Below Your Means like Warren Buffett

### Description

We have the notion that [wealthy people](#), including American billionaire Warren Buffett, aren't frugal. But believe it or not, the **Berkshire Hathaway** CEO lives a very simple life. Buffett is unceasingly frugal and would rather live below his means.

According to the GOAT of investing, the greatest luxury in life is doing what you love. Many times before, Buffett said he loves what he does for work. He doesn't spend much money or time on relaxation and travel. He enjoys his day-to-day life but still lives in the lap of luxury. While you can afford luxury once in a while, you don't have to own billions to do what you love.

### Live below your means

Warren Buffett will not seek out extravagance after amassing a fortune. He bought a house in Omaha, Nebraska, for US\$31,500 in 1958. Fast forward to 2021 and Mr. Buffett still resides in the same place. He drives a basic car and enjoys an inexpensive **McDonald's** breakfast.

It's surprising to learn that Buffett doesn't live the life of the rich and famous. He imparts the lesson that if you live below your means, you have greater chances to reach financial freedom. Some financial experts say it's the biggest predictor of financial success.

When you spend less than what you make, you're living below your means. It doesn't necessarily mean you must commit to frugal living entirely. What's important is that you have money left every month for savings. It indicates, too, you're not living paycheck to paycheck.

### Don't be reckless with money

Rich people who practice frugal living don't spend money foolishly or splurge on luxuries. Spending money won't build your net worth. You're better off saving, investing, or paying down debt than throwing cash out the door. Don't be reckless because you have the money to spend.

Buffett, for example, will never go into debt unless he gets something of value in return. When buying stocks, he is patient and will wait for [bargain deals](#). He'll purchase shares of companies with competitive advantages at depressed prices.

## Think investing before spending

Income investors should find **Keyera** ([TSX:KEY](#)), a top-notch energy stock, an attractive option today. The \$5.73 billion oil and gas transportation services company offers a mean 7.4% dividend. Any amount you invest will double in less than ten years. With oil demand rising, this dividend king is up 16.74% year-to-date.

Keyera's dividend growth has been steady since 2003 following its market debut. The yield grew at a rate of 6% annually over the last ten years. Furthermore, the energy stock pays monthly dividends. Assuming you own \$81,200 worth of shares, the monthly payout is \$500.73. The current share price of \$25.93 is a good entry point.

The growth of Keyera through the years has been organic due to strategic acquisitions. It enjoys a leadership position, particularly in the Western Canada Sedimentary Basin. Management's capital programs focus primarily on investments that will support future growth. Its existing gas processing capacity should double once the Wapiti and Pipestone gas plant projects are complete.

## Greater fulfillment

Warren Buffett derives greater fulfillment by working towards a financial goal instead of getting rich quickly. He feels genuinely accomplished and happier because of his frugal lifestyle. There's no way you'll achieve financial independence if you live beyond your means.

### CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. TSX:KEY (Keyera Corp.)

### PARTNER-FEEDS

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