

Money Saving Tips

Clothing

You can cut your clothing expenses way down with some of these ideas:

- Shop sales, off-season if possible.
- Resale shops are a good source of clean, low-priced clothing.
- Avoid buying clothes that must be dry cleaned or require special handling.
- Borrow a dress for a big night out.
- Use a consignment shop.
- Iron your own shirts.
- Inspect clothing carefully before purchasing.
- Hand wash instead of dry cleaning.
- Learn to mix and match outfits to cut down on clothing expenses.
- Use hand-me-downs from family and friends.

Credit Cards

Once a budget is balanced and debt is paid off, credit cards should be paid in full each month.

In the meantime, here are some tips to use credit cards wisely:

- Compare interest rates, annual fees, and other credit costs.
- Pay off credit cards to avoid interest or, at least pay more than the minimum payment required.
- If you are having problems financially, seek the advice of professionals.
- Pay more than the minimum amounts against outstanding debts.
- Pay your bills the day they arrive. Many credit card companies charge interest based on your average daily balance.
- Use a debit card instead of a credit card, especially if you maintain a balance on your credit cards.
- Use credit cards that have reward programs that offer rewards that you will use.
- Ask your credit card company to waive the annual fee.

Education

Some ideas to save on education and child care expenses include:

- Apply for scholarships and financial aid.
- Consider a two-year college to start.
- Move children from a private or parochial school to a public school.
- Check to see if your employer has a tuition reimbursement program.
- If you're certain that your child will attend a particular school, inquire about paying tuition in advance at a discount.
- Look into school programs that allow students to purchase computers and educational software at a discount.
- Check into work-study programs at college.
- Consider a five- or six-year plan to graduate from college.
- Work during college.
- Form a baby-sitting cooperative with friends and neighbors.
- If you pay for child care, make use of the dependent care tax credit or your employer's dependent care flexible spending account.
- Re-evaluate the family budget to determine if a parent can stay home with the children and avoid child care expenses.

Entertainment

In most cases, entertainment can be decreased or eliminated from your budget to help navigate a crisis.

- Go to movie matinees because they are usually cheaper.
- Go to museums on free days.
- Cut your cable television service down to basic or cut it out altogether.
- Use the library for books, movies, and music.
- Cut down or eliminate spending at nightclubs.
- Buy used musical instruments instead of new ones.

Food

Food can be one of the larger expense categories in your budget. Here are some money saving tips:

- Make a grocery list and stick to it.
- Make menu plans.
- Avoid pre-packaged foods in individual servings.
- Don't shop when you are hungry.
- Use coupons for foods you purchase regularly.
- Buy in bulk or larger sizes for savings.
- Meet friends for coffee instead of dinner.
- Brown bag your lunch.
- Grow your own vegetables and herbs.
- Make your own baby food. It will contain a lot less salt, sugar, and additives. Consult a library for information on preparing your own baby food.
- Have potluck dinners with friends and family instead of going out.
- At the grocery store, comparison shop by looking at the unit price.
- Make your own coffee for the drive to work instead of stopping on the way.
- Stay away from expensive convenience stores.
- Avoid alcoholic drinks and desserts at restaurants – they are marked way up.
- If you aren't a big eater, share a restaurant entrée with someone and order an appetizer to supplement your meal to reduce the price of eating out.
- Prepare meals in advance and freeze them to avoid the temptation of ordering out at the end of the workday. Cooking at home will make your food budget go farther.
- Buy a filtering water pitcher for your refrigerator instead of bottled water, or just drink tap water.
- Fruits and homemade snacks cost less and are more nutritious snacks for you and your children.
- Do without snacks and sweets and remove them from your budget.
- Try generic brands.
- Don't overspend on meats. Use less expensive cuts and marinate.
- Shop at farmer's markets.
- Pick your own fruits and vegetables at U-Pick farms.
- Take advantage of weekly specials.
- Buy fruits and vegetables in season.
- Shop on double coupon days.
- Avoid impulse buying.
- Avoid last-minute shopping.
- Avoid paying with your credit card unless you can pay back the full amount within the billing cycle. Otherwise, all your tricks for saving money at the grocery store just went to pay the interest.

Health Care

Outstanding medical bills can be a big reason why some people get behind on other obligations. Here are some ideas to stay healthy and reduce medical costs:

- Prevent illness by eating well, getting plenty of sleep, and exercising.
- Quit smoking.
- Shop for generic brands.
- Obtain medical care at public clinics.
- If you are normally healthy, raise your insurance deductibles.
- Compare physicians and their office fees.
- Ask for generic prescriptions instead of brand names.
- Get pre-approval from your medical insurance company before undergoing any procedures or tests.
- Buy no-frills vitamins.
- Shop around for eyeglasses.
- Ask your doctor for free samples of prescriptions.
- Shop around for prescriptions, including mail order companies.
- Go to an optometrist for routine vision tests or to change an eyeglass prescription.
- Skip the annual full mouth X-rays unless there is a problem. The American Dental Association recommends X-rays every 3 years.
- If you owe money to a doctor or hospital, ask for a special payment plan.
- Ask your doctor or hospital for a discount if you are having trouble paying a bill.
- Make use of the medical tax credit or your employer's medical care flexible spending account.

Housing

- If you have equity in your home, you may want to consider selling the home and using some or all of the proceeds from the equity to improve your financial condition.
- If there is no equity in the home and/or the mortgage payment is delinquent, determine whether giving up the home through a deed-in-lieu of foreclosure or pursuing a short sale might be an option. Remember that any amount due on the mortgage that was not paid through the sale of the home may result in the lender pursuing you for the deficiency.
- Share housing with a friend or family member.
- Move to a less expensive place to live.
- When you buy a house, negotiate the sales price and closing costs.
- A new coat of paint by your own hand will increase the value and beauty of your home and save you hundreds of dollars.
- Buy a duplex. Live in one of the units and rent out the other one.
- Move yourself instead of using a moving service.
- If you are moving, get boxes for packing from local stores. They recycle boxes even if they are only slightly used.
- If you use a moving service and your personal insurance policy covers damages during the move, don't purchase the insurance offered by the moving company.
- If you use a moving service, pack your own boxes to reduce the cost and to minimize damage.
- Compost to make your own fertilizer.
- Some municipalities create mulch from yard recyclables and offer it for free to residents.
- Do your own maintenance on your lawnmower.

- If you use a lawn service, consider cutting your own lawn.
- Use one cleaner with ammonia instead of specialty products.
- Do any routine maintenance you can instead of hiring outside people. Or check your local shoppers guide for a handyman, possibly a senior citizen.

Insurance

Insurance is an expense category that you will find in a number of sections in your budget. It is presented as one category here:

- Drop duplicate medical insurance.
- Convert your cash value life insurance to term.
- If your car has very little value, you probably only need liability insurance.
- Shop around. Get referrals from friends, check the Yellow Pages or call your state insurance department. Service, such as a timely response, is just as important as price. Ask for quotes from at least three companies and check their complaint record with the National Association of Insurance Commissioners (www.naic.org).
- Know your history. When you ask for a rate quote, an insurer looks at your claims history. See what the insurer sees by ordering your CLUE report (Comprehensive Loss Underwriting Exchange). Go to www.choicetrust.com. You can challenge mistakes and submit updates.
- File fewer claims. With insurers raising rates and dropping policies if home owners file frequent claims, you may be better off footing smaller repair bills.
- Cover yourself. Raising your deductible from \$500 to \$1,000 may cut your premium by as much as 25%.
- Maintain good credit. Insurers are increasingly using credit information to price homeowners' policies. You can get lower rates if you have good bill-paying and debt habits.
- Bundle policies. You may save 10% to 15% by buying your auto, homeowners and liability policies from the same insurer.
- Improve your home security. You can get discounts of 5% or more for smoke detectors, a burglar alarm, fire extinguishers and deadbolt locks. The break can be as much as 20% if you install a sprinkler system and a fire and burglar alarm that rings at a police, fire or other monitoring station.
- Seek discounts. Many insurers give discounts to longtime customers – typically 5% after three to five years and 10% after six years. Retirees, who are at home more than working folks and are less likely to be burglarized, may get discounts up to 10%.
- Shop around for auto insurance discounts for multiple drivers, seniors, and good driving records.
- Review your policy once a year. Make sure your policy covers any major purchase or additions to your home. Remember that you'll need a rider or extra insurance for items such as expensive jewelry, computers and artwork, which aren't typically covered by standard homeowners insurance.
- Review policy limits and value of possessions. If you have extra insurance for a particular item, its value may have depreciated.
- Make a list of valuables. You can do it with a notebook, camera or video recorder. Record as much detail as possible, including date of purchase, and keep receipts so you know what you paid. Every time you buy a big-ticket item, add it to your home inventory, which should be kept outside your home, in a safe-deposit box, for example.
- Make your home more disaster resistant. Ask your agent about measures that reduce rates, such as adding storm shutters. Modernizing heating and air conditioning, plumbing and electrical systems could make a difference.

- Don't confuse what you paid for your house with rebuilding costs. The land itself isn't at risk from theft, fire and other perils. Don't include its value when deciding how much homeowners insurance to buy.
- Try for group coverage. Check if a homeowner's policy is available through your employer's group program or through membership in associations or organizations.
- Consider the cost of insurance before a new home purchase. You could pay less, depending on your location.
- Generally life insurance is a good idea for individuals who have others who are dependent on their income. If your circumstances have changed since the insurance was purchased, you may consider changing or dropping your coverage.

Instead of Shopping...

When you have the urge to splurge, consider another option that doesn't involve spending money. Here are some ideas:

- Listen to your favorite music
- Enjoy a long, warm bubble bath
- Go for a walk
- Relax outside
- Exercise
- Do stretching exercises
- Watch the sunset or sunrise
- Concentrate on a relaxing scene
- Write your thoughts and feelings in a personal journal
- Attend a favorite athletic event
- Read a special book or magazine
- Play a musical instrument
- Work with plants
- Learn a new skill
- See a special play, movie or concert
- Ride a bike or motorcycle
- Make a nutritious meal
- Draw or paint a picture
- Swim, float, wade or relax in a pool or at the beach
- Do aerobics or dance
- Visit a special place that you enjoy
- Take time to smell the roses, or any other flower that you enjoy
- Go horseback riding
- Enjoy a relaxing nap
- Visit a museum or art gallery
- Practice yoga
- Enjoy a cool, refreshing glass of water or fruit juice
- Enjoy the beauty of nature
- Play like you did as a child
- Star gaze
- Window shop
- Day dream
- Attend a special workshop
- Go sailing or paddle boating

- Create with clay or pottery
- Pet an animal
- Watch your favorite TV show
- Write a poem
- Make a bouquet of flowers
- Relax and watch the clouds
- Visit a park, woods or forest
- Phone a special friend
- Picnic in a beautiful setting
- Enjoy a cup of coffee or tea
- Play a board game
- Participate in a hobby
- Spend time playing and laughing with your child
- Play a video game

Personal Care

Some of these ideas may not be popular choices in your household, but they will help you add money to your budget:

- If possible, cut or trim your family's hair at home instead of at beauty shops or barber shops.
- Utilize the services of a beauty college to save money.
- Use cleaners and moisturizers with basic ingredients – they cost less.
- Utilize home remedies.
- Do your own nails.
- Take five-minute showers.
- Exercise for free. Walk, run, bicycle, or get free exercise videos/DVDs from the library.
- Use generic hair care products.

Pets

Over a lifetime, pets can be expensive. Look for ways to reduce your pet expenses.

- Use old newspapers for cat litter.
- Contact your local Animal Control/Humane Society to find out about free animal vaccination programs and inexpensive spay/neuter options. These organizations want you to use their services and make it financially attractive to do so.
- Make your own pet toys.

Savings

Make savings an expense in your budget. If you pay yourself each month, you will accumulate money over time that will be useful in case of an emergency. Here are some helpful tips:

- Give children allowances for housework instead of just giving. Set a predetermined percentage that they must save.
- Set your goals to work toward.
- Make a spending plan and stick to it.
- Avoid using your ATM card at machines that charge a fee.
- If your income is low, file for Earned Income Tax Credit on your taxes.
- Start an emergency fund and label it untouchable.
- The best way to save is to start small and stick to it.
- A 401(k) is an ideal way to save for retirement. Over an average working life time of 40 years, by saving just \$2.75 per day in a tax-deferred account, you would end up with more than \$1 million.

- Look for higher rates on your savings.
- Increase savings through payroll deductions.
- Compare brokerage fees.
- Avoid non-sufficient funds (NSF) fees by balancing your checkbook each month.

Transportation

Another large expense category is transportation. Try some of these ideas:

- Car pool with friends, neighbors or co-workers.
- Combine errands to make one trip.
- Do routine maintenance on your car yourself.
- Use public transportation if available.
- Buy spare parts for your car at the junkyard.
- Trade down your car for a less expensive, lower maintenance one.
- Bicycle to work.
- Buy a good used car instead of a new model.
- Shop around for auto financing.
- Keep your car properly tuned to cut down on gas usage.
- Resist the temptation to buy the latest model automobile.
- Scan the road ahead to anticipate when slowing will occur. Keeping your vehicle going at even a crawling pace will save you gallons over constantly starting and stopping.
- Don't buy higher grade gas unless your vehicle absolutely requires it.
- Keep windows and sunroofs closed when driving your car at high speeds. You will improve your vehicle's aerodynamics and save money on gasoline.
- If possible, remove racks and other items of considerable weight from your vehicle. You'd be surprised at what an extra 50-100 lbs. can do to your gasoline consumption rate and your wallet.
- Walk or bike whenever possible.
- Put money aside each month for car repairs and maintenance so you don't have to use a credit line or credit cards to pay for these items. You won't have to pay the interest on the credit if you pay it off at the end of the month.
- If you use public transportation, buy a monthly pass instead of paying daily.
- If you drive toll roads every day, buy a FAST PASS to reduce your average daily expenses.

Utilities

Find a few ways you can save money on utilities with this list:

- During the winter, set your thermostat to 64 and turn it down to 60 at night.
- During the summer, set your thermostat to 72 and turn it up at night.
- Replace 100 watt bulbs with 55 watt bulbs.
- Hang your clothes out to dry instead of using the dryer.
- Have the water company do an audit so you are not charged sewage fees for water used in your garden.
- Use low flush toilets or water saving devices in the tank.
- Turn the hot water heater down and wrap it with insulation.
- Caulk windows and doors.
- Don't use your dishwasher dry cycle. Open the door and let them air dry.
- If you are leaving a room for more than five minutes, turn off the light.
- If your income is low, contact utility companies about reduced rates.
- Clean the lint filter after every load to help your dryer perform more cost effectively.

- Use your dryer and dishwasher late at night or early in the morning to avoid heating your house and adding additional energy expense.
- Don't use too many extension cords. Energy you're paying for is lost as it travels the length of the cord. Larger appliances may not receive enough power through an extension cord, making them run longer, work harder, and cost more money.
- Clean your refrigerator's condenser coils twice a year to improve efficiency and cut energy costs. Dusty coils make the motor run longer and work harder.
- Plant fast-growing shrubs and trees in front of your home's west side to help shade it and lower cooling costs. Three mature trees on the west and southwest sides of your house could save you \$50 to \$100 on your annual cooling costs.
- Replace standard incandescent light bulbs with fluorescent bulbs in areas where the lights are used often. Fluorescent bulbs can be more expensive to buy, but they provide more light for the dollar, last longer and give off less heat.
- Match the bottom of a pan size to your burner size when cooking on the stove to avoid adding heat to your home and wasting energy.
- Keep refrigerators and freezers indoors. Refrigerators and freezers kept outside can cost almost twice as much to operate as their indoor counterparts.
- Service your air conditioning unit or heat pump at least once a year. A faulty A/C can be VERY expensive to use, and a maintenance expense is less costly than a major repair expense.
- Turn off your air conditioner if you leave your home for more than three days. If you have heat-sensitive electronic equipment like computers, furnishings, or plants, leave the air conditioner on and turn up the thermostat six degrees.
- Cook more than one dish at a time in the oven to improve efficiency.
- When using the oven, bake with ceramic or glass cookware to reduce cooking time, and do not preheat the oven unnecessarily. Any recipe that takes more than one hour to cook can usually be started in a cold oven.
- Install cover plates on all electrical outlets in your home to improve insulation.
- Keep light fixtures and bulbs clean.
- Make sure there's room on the sides and top of your refrigerator to ensure efficient air circulation.
- Don't use the top of the refrigerator as a storage shelf. Doing so traps heat and makes your refrigerator work harder.
- Install water flow reduction devices in the kitchen and bathroom.
- Run only full loads in your dishwasher, washer and dryer.
- Clean warm air registers, baseboard heaters and/or radiators. Make sure that carpeting, furniture or draperies are not blocking them.
- Have your ductwork checked for leaks. If you've got split or leaky ductwork, it can cost you a bundle. You should keep all the warm air you're paying for.
- Change your return air filters once each month.
- Consider storm windows or more efficient windows. Although sometimes expensive, these can pay for themselves.
- Lower your dishwasher and washing machine temperatures. They use hot water from your house supply and drain in a hurry. That's much more costly in cold weather.
- Consider propane for your heating needs.
- Convert oil furnaces to natural gas.
- Avoid frozen pipes by disconnecting all garden hoses outside of your home, even the ones attached to anti-freeze hydrants.

- Avoid frozen pipes by covering water pipes that are exposed to freezing temperatures or drafts with insulation. Small water pipes will freeze quicker than will waste or sewer pipes.
- If there is plumbing in the garage, never keep the door open in severely cold weather.
- Pipes laid underground should be below the frost line to prevent freezing.
- Use a timer to shorten phone calls.
- Make calls when rates are lower in the evenings and weekends.
- Compare rates at long distance companies.
- Eliminate extra services you don't need such as call waiting, speed dialing, etc.
- Use the phone book instead of directory assistance.
- Write letters instead of making phone calls.
- Talk less. Text or email instead.
- Cancel long-distance service if you don't make a lot of calls. In its place, use a pre-paid phone card with no expiration date.
- Don't choose a long-distance service based on the cost per minute or per month. Phone companies advertise low rates, and then hit you with fees. Before buying, get a list of all costs and check every bill to see what else turns up.
- Skip "inside wire maintenance" plans unless your home wiring is a mess. This lightly used coverage costs about \$4 per month.
- Look at "bundled" deals if you use your phone a lot. One flat monthly fee includes local and long distance, plus your choice of services such as high-speed internet, wireless, caller ID, call-waiting and so on.
- Make sure your most-called numbers get the cheapest rate in your local service plan.
- Cut the cord. Wireless service offers many free minutes every month plus extras for "feature junkies," so they're often cheaper than a land line. Beware though: cell phones don't work during electrical blackouts and lack conventional 911 services.
- Use free directory service on the Internet. Calls to 411 or other directory numbers usually cost \$1 or more. Say no if the operator offers to connect you automatically "at no extra fee." You'll be charged at the higher per-minute rate.
- If you are on a contract with the cell phone, do a cost-benefit analysis of shutting off the phone. For example, if your bill runs \$100 a month and you have 10 months remaining on your contract, you will incur \$1,000 in future charges. Even if canceling the contract will result in a \$175 early termination fee, you will still save over \$800.

