

Savings Tips

GENERAL

Save your loose change. Putting aside fifty cents a day over the course of a year will allow you to save nearly 40% of a \$500 emergency fund.

Keep track of your spending. At least once a month, use credit card, checking, and other records to review what you've purchased. Then, ask yourself if it makes sense to reallocate some of this spending to an emergency savings account.

Never purchase expensive items on impulse. Think over each expensive purchase for at least 24 hours. Acting on this principle will mean you have far fewer regrets about impulse purchases, and far more money for emergency savings.

Pay with a debit card rather than a credit card. You cannot use a debit card (unless it has an overdraft feature) to spend money you do not have. Using a debit card may also prevent you from annually incurring hundreds of dollars in credit card interest charges. Both would mean more money available for emergency savings.

FOOD

Substitute coffee for expensive coffee drinks. The \$2 a day you could well save by buying a coffee rather than a cappuccino or latte would allow you, over the course of a year, to completely fund a \$500 emergency fund.

Bring lunch to work. If buying lunch at work costs \$5, but making lunch at home costs only \$2.50, then in a year, you could afford to create a \$500 emergency fund and still have money left over.

Eat out one fewer time each month. If it costs you \$25 to eat out, but only \$5 to eat in, then the \$20 you save each month allows you to almost completely fund a \$500 emergency savings account.

Shop for food with a list and stick to it. People who do food shopping with a list, and buy little else, spend much less money than those who decide what to buy when they get to the food market. The annual savings could easily be hundreds of dollars.

PRESCRIPTION AND OVER-THE-COUNTER DRUGS

Ask your physician to consider prescribing generic drugs. Generic drugs can cost several hundred dollars less to purchase annually than brand-name drugs.

Find the lowest-cost place to purchase prescription drugs. Make sure to check out not only your local pharmacist but also local supermarkets, area discount centers, and mail-order pharmacies.

Purchase store brand over-the-counter medications. Store brand medications often cost 20-40 percent less than nationally advertised brands. The savings could easily exceed \$100 a year.

BANKING

Bounce one fewer check each month. The \$20-30 you save by not bouncing one check a month would save you enough money to nearly fully fund a \$500 emergency savings account.

Reduce credit card debt by \$1,000. That \$1,000 debt reduction will probably save you \$150-200 a year, and much more if you're paying penalty rates of 20-30%.

Make your monthly credit card payment on time. The \$30-35 you save by not being charged a late fee each month on one card would save you most of the money you need for \$500 in emergency savings.

Use only the ATMs of your bank or credit union. Using the ATM of another financial institution once a week could well cost you \$3 a withdrawal, or more than \$150 over the course of a year.

INSURANCE

Shop around for auto and homeowners' insurance: Before renewing your existing policies each year, check out the rates of competing companies (see the website of your state insurance department). Their annual premiums may well be several hundred dollars lower.

Raise the deductibles on auto and homeowners' insurance: Being willing to pay \$500-1,000 on a claim, rather than only \$100-250, can reduce annual premiums by as much as several hundred dollars. Assess your need for life insurance coverage. If your children are now on their own, or if your spouse works, you may not need as much life insurance protection. The annual premiums on a term life policy would typically fully fund an emergency savings account.

Consider dropping credit insurance coverage on installment loans. Many consumers don't need credit insurance because they have sufficient assets to protect themselves in the event of death, disability, or unemployment. Terminating this coverage often reduces financing costs by three percentage points, a savings of about \$1,000 on a four-year \$20,000 installment loan.

TRANSPORTATION

Keep your car engine tuned and its tires inflated to their proper pressure. Doing both can save you up to \$100 a year in gas.

Shop around for gas. Comparing prices at different stations and using the lowest-octane (recommended by the car owner's manual) can save you hundreds of dollars a year.

When driving, avoid fast start-ups and stops. Over time, you will save hundreds of dollars on lower gas and maintenance costs.

Take fewer cab rides. Using public transit instead of cabs can save you \$5-10 per trip or more. If you're a frequent cab user, the savings could completely fund your emergency savings account.

Check all airlines for cheap fares. Since no website lists all discount carriers, also check out the websites of discount carriers like Southwest and Jet Blue, possibly saving you hundreds of dollars.

HOUSING

Don't pay for space you don't need. Americans have relatively large houses and apartments. Think about more efficiently using space so you can purchase or rent less square footage.

Live relatively near your workplace. While this isn't always possible, driving 5,000 miles less a year can lower transportation costs by more than \$1,000.

Refinance your mortgage to lower interest charges. Consider refinancing your mortgage to lower the rate and term. On a 15-year \$100,000 fixed-rate mortgage, lowering the rate from 7% to 6.5% can save you more than \$5,000 in interest charges over the life of the loan. For each \$100,000 you borrow at a 7% rate, you will pay over \$75,000 less in interest on a 15-year than a 30-year fixed rate mortgage. And, you will accumulate home equity more rapidly, thus increasing your ability to cover large emergency expenditures.

Choose home repair contractors wisely. Favor contractors who have successfully performed work for people you know. Insist on a written, fixed-price bid. Don't make full payment until satisfactory completion of the work.

HOME HEATING AND COOLING

Ask your local electric or gas utility for a free or low-cost home energy audit. The audit may reveal inexpensive ways to reduce home heating and cooling costs by hundreds of dollars a year. Keep in mind that a payback period of less than three years, or even five years, usually will save you lots of money in the long-term.

Weatherproof your home. Caulk holes and cracks that let warm air escape in the winter and cold air escape in the summer. Your local hardware store has materials, and quite possibly useful advice, about inexpensively stopping unwanted heat or cooling loss.

Use window coverings to block or let in sunshine. In summer, use these coverings to block sunlight, keeping your house cool. In winter, open the coverings to let sunshine warm the house. You could easily save more than \$100 annually while being more comfortable.

CLOTHING

Look for sales at discount outlets. There are huge price differences between clothing on sale at discount stores and that sold regularly at many department and specialty stores, though keep in mind that prices at the latter are often deeply discounted.

Consider purchasing previously used clothes from Good Will, second-hand stores, or school or church thrift sales. With a little effort, you can find low-priced, high-quality used clothing items that can be worn for many years.

Assess clothing in terms of quality as well as price. An inexpensive shirt or coat is a poor bargain if it wears out in less than a year. Consider fabric, stitching, washability, and other quality related factors in your selection of clothes.

Clean clothes inexpensively. Wash and iron clothes yourself. If you use a cleaner, compare prices at different establishments. A 50-cent difference in cleaning a shirt, for example, can add up to \$100 a year.

COMMUNICATIONS

Assess your communications costs. As Internet and wireless use grows, many consumers are overpaying for unneeded communications capacity. For example, if you have a cell phone and two phone lines -- one for your computer -- consider receiving personal calls on your cell phone so you can give up one of the phone lines.

Communicate by e-mail rather than by phone. If you're on-line, e-mail communications are virtually free. Even for subscribers, landline and wireless calls often carry per-minute charges.

Be aware of your cell phone costs and how to reduce them. Cell phone use has dramatically increased communications expenditures in many households. Understand peak calling periods, area coverage, roaming, and termination charges. Make sure your calling plan matches the pattern of calls you typically make.

Dial phone calls directly without an operator. Using an operator to place calls can cost you up to \$10 extra per call. That could easily save you more than \$100 a year.

ENTERTAINMENT

Research free or inexpensive entertainment in your community. Use local newspapers and websites to learn about free or low-cost parks, museums, film showings, sports events, and other places which you and your family would enjoy.

Give up premium cable channels. It's a lot cheaper to rent one film a week than watch one on premium cable channels that may cost more than \$500 a year.

Borrow books rather than purchasing them. Borrowing books and reading magazines at your local library, rather than purchasing reading material, can save you hundreds of dollars a year.

Attend high school rather than college or pro sports events. High school sports events rarely cost more than \$5 and are often free, with hot dogs and sodas typically costing \$1-2. College and pro football and basketball games rarely cost less than \$20, and their concessions are usually several times more expensive.

FAMILY AND FRIENDS

Plan gift-giving well in advance. That will give you time to decide on the most thoughtful gifts, which usually are not the most expensive ones. And if these gifts are products that must be purchased, you will have the opportunity to look for sales.

In families, discuss limits on spending for gifts. These limits not only tend to reduce expenditures; they also be greatly appreciated by the least affluent family members.

Socialize at pot-luck meals rather than at restaurants. Because one wants to be generous to friends and family, there may be huge cost savings here.

Consider writing letters instead of making frequent phone calls. Thoughtful letters are usually far more highly valued than phone conversations, and they are often saved by recipients for future reading.

Source: www.americasaves.org