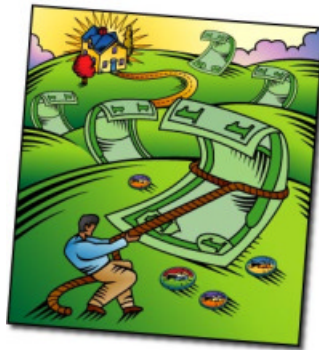


Wikipedia's Financial Guide to Making it When Things are Tight.



www.WikiHow.com

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How to Save Money

Saving money is one of those tasks that's so much easier said than done. There's more to it than spending less money (although that part alone can be challenging). How much money will you save, where will you put it, and how can you make sure it stays there? Here's how to set realistic goals, keep your spending in check, and **pay yourself first**.

Steps

1. **Set savings goals.** For short-term goals, this is easy. If you want to buy a video game, find out how much it costs; if you want to buy a house, determine how much of a down payment you'll need. For long-term goals, such as retirement, you'll need to do a lot more planning (figuring out how much money you'll need to live comfortably for 20 or 30 years after you stop working), and you'll also need to figure out how investments will help you achieve your goals.
 - o Kill your debt first. Simply calculating how much you spend each month on your debts will illustrate that eliminating debt is the fastest way to free up money. Once the money is freed from debt payment, it can easily be re-purposed to savings.
2. **Establish a timeframe.** For example: "I want to be able to buy a house two years from today." Set a particular date for accomplishing shorter-term goals, and make sure the goal is attainable within that time period. If it's not attainable, you'll just get discouraged.
3. **Figure out how much you'll have to save per week,** per month, or per paycheck to attain each of your savings goals. Take each thing you want to save for and figure out how much you need to start saving now. For most savings goals, it's best to save the same amount each period. For example, if you want to put a \$20,000 down payment on a home in 36 months (three years), you'll need to save about \$550 per month every month. But if your paychecks amount to \$1000, it might not be a realistic goal, so adjust your timeframe until you come up with an approachable amount.
4. **Keep a record of your expenses.** What you save falls between two activities and their difference: how much you make and how much you spend. Since you have more control over how much you spend, it's wise to take a critical look at your expenses. Write down everything you spend your money on for a couple weeks or a month. Be as detailed as possible, and try not to leave out small purchases. Assign each purchase or expenditure a category such as: Rent, Car insurance, Car payments, Phone Bill, Cable Bill, Utilities, Gas, Food, Entertainment, etc.
 - o Keep a small notebook with you at all times. Get in the habit of recording every expense and saving the receipts.
 - o Sit down once a week with your small notebook and receipts. Record your expenses in a larger notebook or a spreadsheet program.
5. **Trim your expenses.** Take a good, hard look at your spending records after a month or two have passed. You'll probably be surprised when you look back at your record of expenses: \$300 on ice cream, \$100 on parking tickets? You'll likely see some obvious

cuts you can make. Depending on how much you need to save, however, you may need to make some difficult decisions. Think about your priorities, and make cuts you can live with. Calculate how much those cuts will save you per year, and you'll be much more motivated to pinch pennies.

- Can you move to a less expensive apartment or house? Can you refinance your mortgage?
 - Can you consolidate your debts so that you're not paying as much interest?
 - Can you save money on gas, or give up a car altogether? If your family has multiple cars, can you bring it down to one?
 - Can you drop a land line and only use your cell phone?
 - Can you live without cable or satellite TV?
 - Can you cut down on your utility bills?
 - Can you restrict eating out? Buy food in bulk? Cook more at home? You might be able to save a lot of money on food.
6. **Reassess your savings goals.** Subtract your expenses (the ones you can't live without) from your take-home income (i.e. after taxes have been taken out). What is the difference? And does it match up with your savings goals? Let's say you've decided you can definitely get by on \$1500 per month, and your paychecks amount to \$2300 per month. That leaves you with \$800 to save. If there's absolutely no way you can fit all your savings goals into your budget, take a look at what you're saving for and cut the less important things or adjust the timeframe. Maybe you need to put off buying a new car for another year, or maybe you don't really need a big-screen TV that badly.
7. **Make a budget.** Once you've managed to balance your earnings with your savings goals and spending, write down a budget so you'll know each month or each paycheck how much you can spend on any given thing or category of things. This is especially important for expenses which tend to fluctuate, or which you know you're going to have a particularly hard time restricting. (E.g. "I will only spend \$30 a month on movies/chocolate/coffee/etc.")
8. **Stop using credit cards.** Pay for everything with cash or money orders. Don't even use checks. It's easier to overspend when you're pulling from a bank or credit account because you don't know exactly how much is in there. If you have cash, you can see your supply running low. You can even bundle up the predetermined amount of cash allocated for each expense with a label or keep separate jars for each expense (e.g. a bundle/jar for coffee, another for gas, another for miscellaneous). As you pull money from a jar for that particular expense, you'll see how much remains and you'll also be reminded of your limit.
- If you need to have credit cards but you don't want the temptation of having them available to use day-to-day, restrict that section of your wallet with a note or picture reminding you of your savings goals.
 - Credit cards are not inherently evil; it's all about your self control. If you use them responsibly (i.e. completely pay them off every month), you can benefit from them. But the reason most credit card companies make money, however, is because people end up spending money that they don't have. Unless you are one

of the people who can religiously pay off the balance in full every month, you're better off foregoing the promotions that credit card companies use to lure you in (cash back, introductory APR, airline miles, and so on).

9. **Open an interest-bearing savings account.** It's a lot easier to keep track of your savings if you have them separate from your spending money. You can also usually get better interest on savings accounts than on checking accounts (if you get interest on your checking account at all). Consider higher-interest options such as CDs or money-market accounts for longer savings goals.
10. **Know where your money is.** And how much of it, too. If you accidentally overdraw your bank account, you will incur hefty bank fees; worse yet, the place you paid with that check may slap a bounced check fee on top of that, and send the check in again, resulting in a second overdraft fee from the bank! So just a few cents missing to cover that check could result in over \$100 in fees. To avoid that, you should always know how much money you've got in your account(s), so you never cut a check for more than what you have.
11. **Pay yourself first.** Savings should be your priority, so don't just say that you'll save whatever's left over at the end of the month. Deposit savings into an account (or your piggybank) *as soon as you get paid*. An easy, effective way to start saving is to simply deposit 10% of every check in a savings account. If you get a check or sum of cash, say 710.68, move the decimal point one place to the left and deposit that amount: 71.07. This works well and requires little thought; over several years, you've a tidy sum in savings. Over decades, you'll be a millionaire.
 - You can set up an automatic transfer from your checking account to your savings account.
 - Many employers allow you to deduct savings from your paycheck. The money is directly deposited in your savings account so you never even see it on your paycheck.
 - You can also have investments for retirement taken directly out of your pay, and the taxes may be deferred with this option.

Tips

- Always OVER estimate your expenses and UNDER estimate your income.
- If you can afford to share things you have, from food to living space to appliances, try to do so. What goes around comes around when it's between close friends, soon enough, you'll find your friends doing the same, and everybody benefits.
- Have a professional shopper go through your closet before you hit the mall. They will help you assess what you already have and what timeless items you can invest in to create more looks from those you already have. There are services that do this (e.g. Visual Therapy in NYC and TimePros in Los Angeles). Remember that this service can cost a pretty penny. Don't use this method unless you have a tendency to make \$250 - \$400 shopping trips!
- Have a hobby? Match your funds. One important habit for saving is if you have a hobby, such as model airplanes, scrapbooking, dirt biking, scuba diving, etc., set a hard and fast rule that whatever you allow yourself to spend on your hobby, you match those funds to

your savings. For example, if you buy yourself a \$45 pair of riding gloves, another \$45 goes to your savings. Serious about saving? Try doubling your matched funds! These savings plans will do two things: Save money regularly and quickly, and really show you how much you are spending on your hobby, when it costs you twice as much.

- If you receive unexpected cash, put all or most of it into your savings, but continue to set aside your regularly scheduled amount as well. You'll reach your savings goals sooner.
- If you vacation normally, use the web to search for affordable vacation deals instead of paying full retail price. Some sites offer very discounted vacations by partnering with resorts across the country. Essentially, you are required to go on a 90 minute sales-pitch to buy a timeshare at the resort, and in exchange you receive an extra cheap luxury vacation and often freebies like theme park tickets, gas, or dinner certificates.
- Make purchases with paper money, not exact change, and always save the change. Use a piggy bank or jar for your coins. Coins and change may look insignificant but when accumulated over time they can help you save. Some banks now offer free coin counting machines. When you redeem your coins, ask to be paid by check so you won't be tempted to spend your newfound cash.

Warnings

- Do not go out "window shopping" with any money on you. You will only be tempted to spend money you cannot afford to lose. Only shop with a predetermined shopping list.
- After a long week of working, you may want to indulge in some luxury, telling yourself, "I deserve this". Remember that the things you buy are not gifts to yourself; they are trades, products for money. Say, "Of course I *deserve* this, but can I *afford* it? If I can't afford it, I'm still a worthy person, and I still *deserve* to meet my savings goals!"
- Unless you're in truly desperate financial straits (like 10 seconds from eviction and your three children are starving) don't try to cut corners connected to health. Basic preventative care for yourself, your family, and your pets might cost you a \$60 office visit or a \$30 heartworm pill today, but the skipping it will contribute to expensive problems and heartache down the road.

How to Reduce Expenses

"If by covetousnesse or negligence, one withdraw from them their ordinary foode, he shall be penny wise, and pound foolish."

E. Topsell: Four-footed Beasts (1607)

An important way to save money is to reduce expenses. There are a lot of ways you can stretch your dollars and help avoid that "too much month at the end of the money" feeling. Some of these steps will take a bit of planning and investigation but they will be well worth the effort. Others you will be able to implement immediately. Some will require a small up-front investment but have a substantial long-term payoff. Your ability to implement those will depend on available cash and your budget.

What you'll need first, is a clear idea of where your money is going; then you can look at ways to cut fluff and lower the cost of your required living expense. Always keep in mind that it's not just about cheaper; it's about efficiency. Analyze your needs and do the math. Most importantly, however, is to understand that reducing expenses is a lifestyle change and a change in your thinking patterns. Never let yourself believe that pennies don't count.

Steps

1. **Determine where you spend your money.** If you don't know where your money is going, you are most likely spending too much. You can get a solid idea in as little as one month and as you continue, you'll see patterns develop that you can address. Write down everything you buy down to the last dollar. Don't stop at the obvious things like rent, utilities, gasoline and food – include the ancillary items like sodas and snacks as well as gum or tobacco. What about happy hour? Did you rent a movie? Use a Row-by-Column ledger, spreadsheet or other software to keep track every month.
2. **Immediately eliminate unnecessary routine purchases.** While it's likely this won't be the largest savings area, it's important and easy. Is the coffee shop on your way to work really necessary? How critical are the three sodas or snacks a day you buy from the office vending machine at \$1.50 each? A cup of coffee that you made at home is only 25-35 cents, as is a soda you bought in a store as part of a 12 pack. Do you seriously have to rent all those movies (and pay those late fees) each month? Have you checked to see whether your library has movies, or calculated the cost of switching to Netflix? Those ten lottery tickets... the odds against you are astronomical. This is quick and most of it is habit. There will be some psychological pain at first but when you add up the dollars you'll see a big difference instantly.
3. **Address your utilities.**
 - o Heating and cooling (gas or electric): When you leave the house, set your thermostat to an "away" setting (a note of caution here: don't set it so far from comfortable that it takes an inordinate amount of time to return to comfort when you get home: 65°F or 18°C in the winter and 80°F or 27°C in the summer might

be reasonable numbers to use). Consider investing in ceiling fans – you can get these for as little as US\$20 and they dramatically reduce cost of heating and cooling by circulating the air more efficiently. If your expenses are already low, and you won't be staying where you are for long, you may not save enough to pay for the fan, however.

- Electric: Lighting is expensive. When you leave a room, turn off the light. The idea that it takes more energy to turn on a light than to keep it on is completely false, as turning on a light only burns as much electricity as burning it for fractions of a second. Energy efficient bulbs really work. This is an investment that will pay off over time but there is a significant savings to be gained. (this energy calculator can help). Turn off your computer/laptop when you're not using it – (probably) the only reason you leave it on is convenience. Any voltage adapters (including the ones in stereo components) still use electricity even if they're not charging or plugged in to the device. If you have a digital box with an auxiliary AC outlet, plug your TV into it, and program the box to shut off the outlet when the box is turned off. For stereo components, plug them all into a power bar that can easily be switched off when not in use. Open the drapes during the day for light instead of burning electricity. Only use electricity when you absolutely need it.
- Water: Save water, save money. Invest in a shower-reduction kit – they cost nearly nothing and will start saving you money immediately. They work by reducing the flow to the shower head and the change is barely noticeable. Learn to take quicker showers – an inexpensive egg timer is a good way to help. Repair leaky toilets and faucets – this is an enormous waste of water and easy to fix. Reduce your lawn watering to minimum needs. If you have a pool, keep it covered when it's not in use to reduce evaporation – also, if it's heated that will dramatically increase evaporation as well (only heat your pool to keep it from freezing, and invest in a thermal blanket). Also if you're not using the faucet turn it off -- e.g., when brushing teeth do not leave faucet running.
- Gas and Miscellaneous: Do laundry as often as necessary but as little as possible – for a lot of people this is a pleasant step. Reduce the temperature of your shower by a couple of degrees; the less work your water heater does the more money you'll save. Use the microwave instead of the oven whenever possible – the cost just to preheat an oven is more than the cost to cook a meal in the microwave. Open the windows when it's nice outside to reduce heating (and cooling) costs. If you live where natural gas is used only in the winter months, arrange with your local utility to do a seasonal shutoff so that you are not saddled with fixed monthly service charges for the "privilege" of being connected to the gas service even though you are not using it. With one supplier, it is \$17/month. In the 8 months that you don't need the service, you're charged $\$17 \times 8 = \136 , but the season shutoff and turn on costs \$54.
- Cable and Telephone: Seriously, do you really, really need a thousand channels and every single premium channel available including the high definition packages? You can save the full \$100+ on your cable bill every month by watching TV for free online. If you want to save money take a close look at your priorities. For your telephone, shop around based on your use. If you make a lot of

long-distance calls to family and friends, perhaps one of the unlimited plans would save money. If all your calls are local you probably can get by with a bare-bones option. Consider that your cell phone may have free long distance; therefore, removing the necessity of having long distance on a land line.

- **Cell phone:** "wat r u up 2" "nm gtg ttyl" Text messages cost money. "Oh no, I have unlimited text!" Oh? How much does that option cost you? Do you actually even need a cell phone? Does *everyone* in your family actually need a cell phone? Parents – lay down the law on cell phone usage – is your eleven-year-old sitting around the house texting... are you? Another thing to consider is if you really require a cell phone then do you really need a land line at home? Consider consolidating. If your cell phone use is occasional only, consider a pay-as-you-go plan.
4. **Reconsider Gasoline and Miscellaneous Auto:** When gas was rationed during World War II, a popular slogan was "Is this trip really necessary?" Ask yourself that every time you get in your car. Make a list before you go to the store so you don't have to make additional trips. Don't go for a drive for pleasure – walk instead or choose other forms of entertainment (reading, exercising for example). Check the pressure in your tires. Convertibles get better mileage with the top up. A poorly running engine is a huge waste – even a spark plug change can make a big difference, as can clean oil. Also, the less you drive the less frequently you'll change tires, oil, require maintenance, etc. That's a savings-over-time, of course, but it will mount up. Another way to save gas (and money) is to change your driving habits. By simply driving more slowly, and/or less aggressively, you can save significant amounts of money (calculate for yourself at this web site [\[3\]](#)).
 5. **Cut Down on Entertainment:** It's astounding how many people complain about money then describe the latest release of a movie along with the cost of theater popcorn. Also, professional sports event, a music concert or tickets to a play can run hundreds of dollars for a couple on a date. Seriously, can you really tell the difference (blindfolded) between a \$30 bottle of wine and a \$9 bottle of wine? When you do dine out, actually think about the prices on the menu first. Consider a meal share if the restaurant offers that option. Never, ever order delivery. Look for vacation bargains – consider taking the kids camping instead of one of the super expensive amusement parks.
 6. **Focus on Food:** The *only* real difference between a \$1.99 can of corn and a \$0.63 can of corn is \$1.36 (sure there are exceptions; people on low-sodium diets will definitely have to pay more). The grocery store is a place you can save big.
 - Look for foods that are marked "WIC" for savings. Those have been approved for the Women, Infants and Children program by the USDA Department of Food and Nutrition Services... healthy, nutritious and inexpensive. That ring of cooked shrimp is on sale and sure looks tasty... how about a nice grilled chicken breast with green beans and rice? Make dining in an experience instead of just a convenience. It's quite possible to spend as much on home food as you would by eating out if you are wasteful.
 - Consider taking your lunch to work instead of buying lunch each day. Even an inexpensive lunch out is several dollars a day – do the math.
 - Use coupons whenever possible. Make sure these are on items you would normally eat so you don't purchase things that will be wasted by sitting in your

- cupboards forever or spoil in your refrigerator. Also use buy store specials and use store customer cards when possible toward food purchases.
- Look into joining a warehouse club. The price of the membership is usually made up in the first shopping. They carry name-brand products and will take coupons. Also, by not having to shop as often, you spend less money by not being in the store every week and risking impulse purchases. Warehouse club shopping must be done with discretion or you will not save money.
 - Avoid large packages of fresh produce to avoid spoilage; frozen produce will extend the shelf life of all your fruit and vegetables.
 - Measure product use carefully (like soap powder); don't be wasteful with the products just because it comes in a large container.
 - Buy products you will actually use instead of substituting just because it's on your list and the only item available. Are you really going to enjoy that box of cereal that's not your regular brand, or is it going to sit on your shelf?
7. **Address your insurance costs:** The fastest way for some people to reduce monthly expenses will be in the area of health, auto and life insurance. Companies that sell those are incredibly competitive. Get some bids from different companies. When you do this, bear in mind that lower initial premiums will not always be the most cost efficient!
- Auto Insurance: Look at your deductible. Don't jump to increase your deductible – analyze the entire plan based on your needs and expectations; do a risk analysis first. If you have an inexperienced driver in your house and you don't have savings, having a high deductible might not be the best choice – also if your car is financed you may have minimum insurance requirements. However if you have a long history of good driving and you own your car, outright, you might consider a high deductible to save on premiums.
 - Health Insurance: Investigate alternatives. Shop around for plans that are consistent and cost efficient with your lifestyle. Consider your actual needs vs. what you have. A single man in perfect health in his mid-30's might choose a plan with a higher copay or co-insurance and lower premiums, whereas a married couple wanting to start a family might do better with higher premiums but more extensive coverage. In other cases, prescription benefits might be the most important. The point is to look at what you must have .
 - Life Insurance: There is no question that this is important – for many people. The rule of thumb for someone with a family is three to five years' replacement income. However, if you're a 20ish single consider carefully and determine if you're over-insured. If you're married in your mid-60's have you looked at comparative plans from places like AARP? If you're most interested in "burial policies" then, again, these companies are incredibly competitive. We all would like to leave our loved ones wealthy in the event of our demise, but not at the expense of your quality of life right now.
 - Home (and Renter's) Insurance: This can be a large expense and many home owners have no idea how much they're paying because it comes out of their house payments – out of sight, out of mind. Review your plan with your agent. Are your personal possessions really and truly worth the \$250,000 you have on the policy? Also look for areas that are lacking. Is water damage covered; snow damage; hail damage? Think whether or not you'll need those. Is anything important excluded?

Is anything irrelevant included? Yes, Great-Aunt Martha's rocking chair has sentimental value but do you really need a special rider to cover it?

8. **Consider pre-owned items:** This is a great way to save significant amounts of money while recycling! If you absolutely must buy something, there are options other than a mall anchor store or a big-box superstore. There are large thrift stores (e.g. Goodwill) and smaller church-run stores that have some incredible bargains on everything from home knickknacks to appliances to clothing. It's amazing how fast a 4-year old will outgrow shoes (when that happens, re-donate them so somebody else can benefit). Look for garage sales – your neighbors will definitely not think less of you because you bought the winter jacket they are trying to sell – hold your own garage sale and they just might want what you no longer need. There are online sites that often have bargains (like Craigslist.org, Overstock.com and eBay.com).
9. **Actively manage your credit:** A poor credit score costs tens of thousands over the years in increased interest rates and insurance costs. You may even lose your job or lose out on a job application. Pull all three reports; challenge everything that appears incorrect. Pay all bills on time or early. Pay off revolving debt (credit cards) and put those cards away.

Tips

- Recycle and reuse. The plastic bags for your groceries make good trash bags too. If you really want to become efficient, consider things like saving your cooking grease (baby boomers already know that) or reheat that half-full pot of coffee... if you want two cups of hot tea tonight, one bag is probably sufficient.
- Insulate. Insulation for your attic, walls (even electrical outlets) will absolutely save you money over time. Much of this, you can do yourself.
- Consider investing in reusable items. Rechargeable batteries are a good option if your battery consumption is high – the question you should ask yourself is: why is your battery consumption high and what can you do to reduce that?
- Quit smoking. OK, this is obvious. Aside from the \$150 a month, there are the enormous added costs to your health and life (and possibly auto and home) insurance and a very strong (almost guaranteed) potential for extraordinary health costs.
- Limit alcohol. Alcohol is an added expense you may be able to eliminate altogether, or at least significantly reduce.
- Stop gambling. If you gamble (unless you are consistently making money and you know that from tax returns, of course)... stop. Quit. Nix. Never. The odds against winning the Powerball lottery are around 150 million to 1 against you.
- Stop using paper napkins and paper towels. Cloth towels are more absorbent and can be used over and over again. Cloth napkins can be made from an old table cloth. They also clean much better than paper.
- Think about every purchase before you make it. Ask yourself whether you need it or simply want it. Do you already own something that will perform the same task? Is it of good quality or will it need to be replaced after a few uses? Most importantly, are you willing to put off your savings goals to have it? If an item is superfluous, just say no.
- Use the 24 hour rule. Wait 24 hours before making the purchase for non-critical items.

- Grow a garden. Even a small plot can yield significant amounts of fresh food. You can of course spend a fortune at the garden store but shop around, ask neighbors and grow your own starts.

Warnings

- Do not only consider the least expensive option – that is certainly not always the best option. Many, many times, an initial savings will cost you more later. Carefully consider life cycle cost in addition to the acquisition cost.
- If you buy pre-owned, check carefully... this is especially true of cars. It's worth the investment to have a mechanic check the car (unless you're perfectly competent in that area – are you sure?).
- Don't go completely overboard. It's great to be frugal; it's not great to be a mean-spirited miser. If your child (or you) must have new shoes or new glasses then definitely look for bargains but keep your priorities straight.

How to Budget Your Money

Before you can do any financial planning, it is important to examine your *income* and your *expenses*. When you spend more than you earn, you are heading for financial disaster. Calculate every cent you spend daily, no matter how small it is. Everything adds up.

Steps

1. **Calculate your regular income.** Count income from wages, tips, interest on savings, child support payments, and any other source of income. Include that of your spouse also. Also consider more variable sources of income. Do you receive regular overtime or a large bonus? Is it guaranteed? Can you calculate average amounts by using past bank statements or pay slips? Try to be accurate and get to an average 'net' (after taxes) income.
2. **Identify your expenses.** First identify your large, predictable expenses. For most people these will be housing, taxes, insurance premiums, and utilities. Then for at least one month, record every daily expense no matter how small the amount. Save all receipts and expenses for one month. Ideally, you need to carry around a pen and small pad with you for one full month. Write down every amount you spend, what it is for and where you spend it. Many people underestimate these small but frequent expenses if they don't keep careful records. Also try to estimate a budget for large, infrequent expenses. These are things like house repairs, insurance deductables, and purchases like cars and computers. Convert these from estimates like \$12000 every 10 years, to \$1200 per year or \$100 per month so you can compare them with the other expenses and income.
3. **Compare income to expenses.** Money coming in (income) and money going out (expenses). If your expenses are more than income, you need to take action! Which of the expenses identified above will be easiest to reduce?
4. **Pay off debt and build savings.** It is important that you commit to eliminating your debt as it will be difficult at first, but will get easier.

Tips

- Don't rush budgeting. You need to figure out exactly where your money is being spent the most.
- If you find your expenses are extremely high, compared to your income, you have to cut back on some unnecessary spending.
- Very few people ever bother to budget, which is why so many people are in debt. Few really realize just how much they spend on worthless expenses.
- Try to categorize your fixed expenses (e.g., those expenses that don't change from month to month, like a mortgage or car payment) and your variable expenses (e.g., those expenses that can go up or down, like your utilities or mobile phone bill that depend on

your usage). Since hidden or unmanaged variable expenses can eat away at your income, those might be good candidates for categories to monitor.

- You can also use the Internet to help you budget your money. Mint.com offers free budgeting web services that enable you to track all of your spending by downloading all of the transactions for you and categorizing your spend.
- To compute after tax income, try to estimate your actual tax liability from previous tax returns. Do not rely on your employer's withholding as an accurate estimate of actual taxes owed.

How to Live on a Structured Budget Without Going Crazy

Managing your money can be fun (and very easy). Here is a simple way for beginners to plan your spending.

Steps

1. Create a calendar. It's best if you use a traditional wall calendar format on regular paper.
2. Figure out how much you make each work day after taxes. (Your net daily wage) \$15 an hour for 40 hours is about \$80 a day, 5 days a week.
3. Block out each work day with your spending. If rent is \$400, and you make \$80 a day, block out 5 days on the calendar. RENT, RENT, RENT, RENT, RENT. If you pay \$80 a month on gas, block 1 day out on the calendar. Repeat for all expenses until all work days are full.
4. Don't forget to add "fun", "savings" or scheduled special events like birthday presents.
5. Create a calendar for the next three months. Do it in one sitting.
6. Carry that month's calendar around. When you want to spend unbudgeted money, refer to the calendar and see where you can "get" the money. Update the calendar.
7. Start thinking of your money as blocks (aka days) and refer to your calendar often.

Tips

- This is a very positive method of budgeting. If you like clothes, and you spend \$80 a month on them, block it in.
- Carry it with you. You blocked \$80 for clothes, you want to buy a \$80 pair of jeans, refer to the calendar. Decide if you want to blow a block (aka day's wages on one item).
- Mentally keep track of your blocks. \$80 on clothes block At \$10 an item, you can buy 8 items a month. Spend accordingly.
- Block to match your paychecks and due dates. Rent due on the 1st, but you get paid on the 5th, block the days prior to your previous paycheck.
- Block in your debt, focus on reducing it.
- Let your friends know how you are managing your money.
- Read "Your Money or Your Life" by Joe Dominguez and Vicki Robin

Warnings

- Don't budget every penny or even dollar just half or full blocks.
- Don't disregard the budget.
- Don't block out the days you don't work, you aren't making money on those days. Leave 'em blank.
- Don't spend more money than what you've blocked.

How to Shop Carefully With a Tight Budget

The high cost of many items nowadays necessitates careful budgeting. If you carefully select your purchases and create a shopping list, you'll be able to get what you need without damaging your wallet too much.

Steps

1. Buy food first. Check your refrigerator for the staples that need to be replaced. Milk, bread, eggs and cheese are all staples that should be available, and should go first on your shopping list. Expensive fresh fruit can be replaced with canned fruit, and macaroni and pasta are cheap, but not very nutritious. Meat is expensive in the short run, but packs a nutritional wallop that gets you a lot of bang for your buck.
2. Plan ahead and show discipline. Looking at the bins of cheeses can make you want to buy more than you really need, so write down on the list exactly what type of cheese you want, add it to your cart and then walk to another aisle.
3. Look at the ends of the meat and seafood section. There are often marked-down items there.
4. Make friends with the butcher. He or she may point out some great deals, or mark meats down especially for you. Same thing works with the Produce Manager. Being friendly is free, but pays great dividends!
5. Compare brands and check prices. There is usually a store brand version of most items that is cheaper and of comparable quality to the big name item.
6. Read circulars before you go into the store to see if what you need is on sale. Comparing circulars from different stores might help you get a better deal.
7. Clip coupons for items you normally buy and bring them with you.
8. Buy dry goods and toiletries in larger sizes to save money.
9. Remember what you went to a store to buy, so you do not have to walk up and down aisles. Zero in on the aisle or store you need to buy the item, enter, buy the item, and then leave. Impulse buying will ruin any budget, and when yours is tight, it will just be worse.
10. As you buy, write the prices on a pad that you keep with you. It might even be best to use a small adding machine, pocket size, and as you put the products in your shopping cart, calculate what you have spent, remember how much you have set aside to spend, and when you get close, then stop shopping. Remember, you still have to buy shoes...
11. Know exactly what type of shoes you need. Do not look around at all the different styles. Try on the proper size, and if they fit, then buy it and leave the store. Hanging around, looking at the handbags hanging on the wall might tempt you to buy something you really do not need.
12. Put all the costs into the little adding machine. If you note that you have gone over the amount you can spend, then return an item that you really do not **need** at the moment, and put it on another list of 'to buy next time'.

Tips

- If you are going to use a charge card, only spend the amount of money you can afford to pay when the bill comes in at the end of the month.. Set aside this money, and use it to pay the bill. Do not purchase anything more than you have budgeted.
- If you are going to pay with cash, then make sure you only spend the amount you have with you. Anything over, return, and again, put it on your 'next time shopping list
- Don't assume it's cheaper just because it's in a larger size. Look at the shelf labels and compare unit prices. One large store that has 'always low prices' very often has larger sizes marked UP slightly.

Warnings

- Spending more than you have budgeted for, will cause you not to have money left to pay utility bills, or medical bills. So be careful what you buy. Buy only what you need and only what is on your shopping list.
- Don't just buy things because they are on sale, unless you truly need them.

Things You'll Need

- A pad to jot down prices
- A pocket size adding machine to calculate what you spend.
- A shopping list

- **Free Budget Spreadsheets**

Organize data & stay on budget with Google Spreadsheets – free:
docs.google.com

How to Buy Nothing



Were self-checkouts invented so nobody has to see the useless junk you buy?

In O. Henry's classic Christmas story *The Gift of the Magi*, Della Young sells her most prized possession, her long, beautiful hair, in order to buy her husband, Jim, a Christmas present. The present she chooses is a chain for Jim's heirloom pocket watch, the only valuable thing he owns. When she presents her gift to Jim, she discovers that he has sold his watch in order to buy a set of ornate combs for her beautiful locks. Is there a lesson in here for us? The lesson is you don't have to buy anything to be happy. Here's how to resist the urge to splurge.

Steps

1. **Examine your spending habits.** Are your buying decisions motivated by your own values or by advertisements? Don't be influenced by consumerism and an obsession with spending.
2. **Stay home.** If you don't need to shop, don't go shopping simply because you are bored. Don't use shopping as a recreation or amusement.
3. **Leave the money at home.** The easiest way to not buy anything is simply not to take any cash, checks, debit cards, or credit cards with you when you go out. At most, take a small amount of cash with you for emergencies.
4. **Avoid plastic.** Try putting your credit card in a container with some water and freezing it. That way you have it for holidays and emergencies but not just to go buy stuff. Or, better yet, give it to a relative you can trust.
5. **Buy used.** If you really need something and haven't been able to beg, borrow, or dumpster-dive it, go to a thrift shop and get one for pennies on the dollar. Online auctions and yard sales are also good, although there is still the temptation to buy "stuff" you don't really need.
6. **Pay cash.** Studies show the average person spends less when paying with cash and much more when paying with credit, possibly because when you use a credit card it feels as though you are not parting with "real" money.
7. **Make a budget and stick to it.** Don't treat your budget like a New Year's resolution. While creating and sticking to a budget requires self-control, it's a really good way to get your finances under control and avoid accumulating a pile of crippling debts and a bunch of worthless crap in the process of destroying your self-respect.
8. **Make a list and stick to it.** Make purchasing decisions at home, where your needs are apparent, instead of in stores where shelves full of other products will distract and entice you. A list can also help you postpone and consider purchases and consolidate trips out.
9. **Ask yourself some questions.** Will I use this every day? Will I use it enough for it to be worth buying? How many hours did I have to work to pay for this? Employ the 3-month forecast. Ask yourself if you'll still be using the product regularly in 3 months. If you have lived this long without it, do you really need it? If you move frequently, contemplate whether this purchase is really worth hauling around each time you move. If

you don't, ask yourself if it's worth sacrificing some of your precious living space to own it.

10. **Repair, don't replace.** If you shopped carefully and got good service out of something, don't assume you have to replace it when it breaks. A good repair shop might be able to restore it to "near-new" condition for less than the cost of a replacement, and you won't be adding to the landfill problem.
11. **Try to get things you need or want for free.** In a surprising number of cases you can get whatever you need without spending a dime.
 - **Check local "free sales".** Visit websites such as freecycle, Freesharing, Sharing is Giving or craigslist. These sites are so useful precisely because so many people buy things they don't need or replace perfectly good things with similar but newer things. You can decide to be smarter than that.
 - **Borrow.** If you need a product for just a short time, why not borrow someone else's? There's no shame in borrowing as long as you are willing to reciprocate when someone needs to borrow something of yours.
 - **Try bartering.** Your past extravagances have probably left you with a lot of things you no longer need, but which other people may want. Experience some of the *gains from trade* that economists are always talking about.
12. **Avoid shopping malls, if possible.** If you *need* to purchase something, go to a store that sells that thing. Don't automatically head for the mall, where you'll likely get lured into buying things you don't need. If you go to the mall just to hang out with your friends, consider finding new hobbies, or new friends. If you have to walk through a shopping mall to get to a restaurant or a movie theater, keep yourself engrossed in conversation (either with yourself or your companions) so that you don't focus on your surroundings. Concentrate on where you are going, but pay no attention to the stores along the way.
13. **Use the buddy system.** If you go out with friends, you may find that you enjoy yourselves so much that you don't even feel like buying anything. You could all make a pact to prevent purchases. It's kind of like a 12-step program to escape the consumer culture.
14. **Avoid unnecessary upgrades.** Yes, that new toaster has a little chime and can toast eight slices at once, but seriously, how often do you need eight slices of toast at once? Our consumer culture pressures people to replace perfectly good products with newer products for silly reasons, like fashion. Remember, an avocado-colored oven works just as well as one that's mango-colored.
15. **Buy for durability.** If you decide to purchase something, choose something that won't wear out, or won't wear out quickly. Also avoid purchasing items that will go out of fashion. Think through how you will use the item and how your choice will meet your needs for as long as possible. Thinking in the long term, a more durable item costing 30% more up front will still save you money if you can use it twice as long.
16. **Buy for easy compatibility.** If you really like an item, think carefully about how well it will work with what you have already. Maybe a clothing item is fresh and flattering, but if it doesn't coordinate well with at least two or three pieces you own, you'll either get limited use out of it, or worse, you may 'need' to buy more to use it at all.
17. **Use the "Rule of 7."** If something you want is over 7 dollars, wait 7 days and ask 7 trusted people whether this is a good purchase. Then buy it if you still think it is a good idea. This rule will curtail impulse buying. As you get more financially secure and have a

larger disposable income, you can gradually increase the threshold upward from 7 dollars.

18. **Make gifts for people.** Use your own skills (or learn a new skill) to make gifts that people will remember long after they've forgotten store-bought presents. Don't forget that gifts needn't be wrapped. You can make a gift of time or skills, too. Remember the lesson of *The Gift of the Magi*: it really is the thought that counts. Money can't buy you happiness or self-respect or any friends worth having.
19. **Tax yourself.** Every time you make a purchase over \$10 (or \$50 or whatever limit you choose), take 10% of the price and put it into your savings or your investments. This way, you discourage yourself from buying something just because the item is "marked down" or "a bargain" and boost your financial security every time you make a significant purchase. If you use a debit card or a credit card, try using one that has a savings program, American Express offers a card with a savings account and Bank of America offers their "Keep The Change" program to automatically transfer money into your savings account.
20. **Grow your own food.** If you have even a small garden, it's easy to grow your own food.

Tips

- Read books such as *Why We Buy*, so you understand retailer tactics that are used to get people to buy things they do not need. Get the books at the library; no need to buy them!
- If you have children, bring them with you when you shop. Ask them to remind you to think twice when you pick up an item. Have them say "Do we really need that?" or "Can we really afford that?" This tip helps you AND teaches your children the value of properly managing their spending. Use common sense. Young children, especially, could become scared if you ask them to regulate your behavior. Children can sense how stressful a topic money can be, and sometimes find it scary and confusing.
- Can't think of any place to hang out but the mall? Try visiting a friend, taking a walk on a nature trail, going to a free concert or event, or playing at the park. Your life will be richer in more ways than one if you eschew shopping malls.
- Instead of renting movies, check your local library. Many libraries offer a wide selection of movies for free. While you're there, check out their other offerings, too. Remember, libraries are nice places to hang out in and reading is free.
- If you're really weak-willed, freeze your credit cards in a coffee can full of water so you will have to thaw them out before you use them. Or if you have a trusted neighbor, put your credit cards in safekeeping with them, explaining to them you're trying to limit your spending. Chances are you won't be able to face them to ask for your cards if you don't have a compelling reason.
- "Buy Nothing Day" is November 23, 2007, in North America and November 24th elsewhere. Participate by not joining in the mad and often mindless holiday shopping rush on that day.
- Buy second hand! That way you'll save money and spare the environment by reducing waste, also more likely than not you'll support a charitable organization.

Warnings

- If you use the Rule of 7, keep in mind that not everyone will enjoy giving their opinion every time you want to make a purchase. A variation is "wait 7 days OR ask 7 trusted people" which will still help you make more thoughtful expenditures.
- At first you might feel strange telling your friends that you'd rather not buy something you don't need or that you'd rather not hang out at the mall this weekend. Remember to give yourself time for your new choices to become comfortable.

How to Grocery Shop and Cook Frugally

Basic tips for shopping and cooking frugally.

Steps

1. Track needed items by keeping a list in the kitchen. Write down needed ingredients as they are used during cooking. You may want to keep a separate list of items your family commonly uses - now all you have to do is make a check mark next to it instead of trying to read your someone else's handwriting. "Milk, check. Cheerios, check."
2. Check grocery ads for specials. Base your week's meals on what is on sale. Make a double batch and freeze half - that's a "free" meal next week.
3. Research cookbooks or the Internet for menu ideas. Write up a weekly menu. Try to shop once a week, except perhaps for produce.
4. Compile grocery list including the needed items from the kitchen grocery list plus the items needed from the weekly menu.
5. When shopping at the grocery store purchase only items on the grocery list. This helps keep the food budget on track. Don't shop when you are hungry; have some protein before you go.
6. Buy "store brand" groceries. Most "store brand" groceries are equal to their "name brand" counterparts and are typically cheaper. They are often produced by the same manufacturer. The only differences are the label and the price.
7. Purchase non-perishable items in bulk, if the price is better per unit. Purchase dried herbs and spices in the "ethnic" section (in little cellophane bags) of the grocery store - much cheaper.
 - o Sugar, flour and rice are often cheaper in bulk. Watch out though. Some institutional sized canned foods are more expensive than their smaller counterparts. Check the prices per unit.
8. Cooking frugally much easier if you purchase items seasonally, especially produce. Buy off-season meats; typically, roasts are sale items during summer months as steaks tend to be popular while roasts are not. Buy the sale meats and freeze. If you buy a large piece of meat, you may want to cut it into portions for quick thawing later.
9. Cook using less processed foods. For example, buy a whole chicken on sale, cut it up, and use it to make fried chicken or stir-fries. Just about every grocery store has a "sell-it-today" section in the meat department. Use it. And cook it when you get home. You can save a lot of money doing this. And it's safe if you use it right away.
10. Learn which stores have perennial specials. One of my grocery stores always sells ripe bananas - you know the good ones with brown markings just starting - for 10 cents per pound. Even if you don't like to eat these, in a few days they will be perfect for banana bread. Another store always has avocados 2 for \$3.00 - and they are always ripe. This may be expensive for California but it is cheap for the Pacific Northwest!
11. Herbs - if you like to use fresh herbs, use what you need and freeze the rest. Remove rosemary from its stems. Chop up soft herbs such as cilantro or basil. Slip them into a zipper baggy, write on the bag what it is (because you will never remember) with a waterproof pen. (Note: cilantro stems have just as much flavor as the leaves - chop them

very fine and you will not know the difference!) Of course, these frozen herbs will only be good for cooking, but so what! You can find many good recipes online to use up these tasty, frozen morsels of flavor.

12. This works for vegetables too. Chop up any carrots, celery, bell peppers, etc., that are starting to get a little old. Most vegetables must be partially cooked before freezing. Check a current freezer cookbook on how to prepare vegetables and fruits for freezing. Bell peppers and onions do not need a pre-treatment before freezing. Dice them up and flash freeze them on baking sheets. Then put them in a zipper baggy, label it and freeze. Make sure to freeze them **not** in a big clump. Use these in soups, sauces, omelets. It's amazing what healthful tidbits you can put in spaghetti sauce and no one knows but you.
13. Learn to make homemade snacks. Popcorn is easy to make and is usually inexpensive. Buy whole tortillas, slice them into pie-shaped triangles and bake for delicious, low-cost, low-fat (spray baking pan with Pam) chips.
14. Make homemade mixes. Check out cookbooks from the library showing how to make homemade food mixes.
15. Read the ingredient labels on items. You may be able to make the same item for much less without any difficulty. Examples:
 - o Tomato Soup is made from Tomato Sauce and water(That is what the can says from a leading brand). Tomato sauce often sells for 8 cans/dollar(though usually 4 or 5 cans/ dollar). 25 cents is much cheaper than \$1.50 for soup. The microwavable cans run \$1.99!
 - o A well known brand of hot sauce says it is "aged". It is made of vinegar, red pepper and salt. All vinegar is "aged". Make your own sauce with the ingredients probably already in your cabinet.
16. Buy Rice in 20 or 25 pound bags. Rice is durable and a staple food. A small bag of rice often runs \$2 or \$3. A 25 pound bag is only about twice as much for 10 times the quantity!
17. Avoid buying prepackaged meals or helpers like "Macaroni and Cheese", and "Rice-a-XXXX",etc. These shortcuts do not really save you time, but, pound for pound, cost far more.
 - o If you have a kitchen scale, weigh the cheese that's included with macaroni and cheese. A popular brand currently sells for \$1.09 a box. A large bag of macaroni sells for less. Simply add the equivalent amount of processed cheese, instead.

Tips

- Quality does count! It is for you to judge how much.
- If you have a laptop computer, take it in the store with you. Before leaving, put your grocery list on you favorite spreadsheet program. Label the first column "Items", the second column "price", the third column "quantity". Set the fourth column to show the total per item (price times quantity). Keep a running total somewhere you can see it on the screen. Enter the price and quantity as you go through the store. If you go over budget, you will easily be able to see where to cut costs.

- **Free Grocery Coupons**

Free Coupons for 1,000s top brands! Save money free printable coupons: www.ShopAtHome.com

How to Start Living Frugally

People always say that they would like to have more money. Not just have more, but make more. They talk about the need to get a better paying job, how they can barely afford to pay the bills and if only they made more money every month, then all their problems would be solved. However, having more money, can in many situations, make things worse. Its just about a proven fact that a huge majority of lottery winners end up in ruin not because they have too much money, but they use that money to dig themselves a hole of debt. Many "successfully" wealthy people are successful thanks to their sense of frugality.

Steps

1. **Get a detailed printout of your current monthly purchases and give it a hard look.** What are the most common things you buy? What are buying constantly that might be considered "extra." It's okay to cut out a little at a time; the goal is to not alter your lifestyle, but to reduce the expenditures that come along with it.
2. **Get into the habit of monitoring your finances on a weekly basis.** Set aside a solid 20-30 minutes a week to assess your money. Examine what you spent money on and what you saved and keep track of it. Even if you don't necessarily have a perfect day, the notes and trends you see will help you in the long run. Wealthy people seem to never worry about their money, but they have a very accurate pulse on their financial situation. There are several ways to do this; Quicken, Microsoft Money, Mint, Wesabe, Geezeo, or a simple Excel spreadsheet.
3. **One way to manage bills is to set up automatic payments.** It is far better to scrape by until you adjust than to miss a payment here and/or there and have your credit report take a hit from late or non-payment. You will also be able to judge for your budget how much you have left over and set that money aside preemptively. Then you don't have to worry about it, its being paid. Important note: Keep very specific notes on all bills you set up for auto bill pay. You are going to consult this whenever it comes time to buy other items, like groceries for example. Keep close track until you are in the habit of recognizing how much you have every month.
4. **You are going to need to be diligent about keeping up with all this** after it is said and done and you feel as though you have reigned in the wild spending of your spouse, or yourself. Educate yourself. Yes, it's hard work and is sometimes a little boring. But then again 1) if it were easy, you would already be doing it and would not be reading this 2) eventually, it will be a habit and over time it will really pay off.
5. **Be careful about the inevitable temptations.** What about when we get into having a few extra dollars coming our way? These sorts of things happen from time to time and the best policy is to really just grab onto every penny and not let go. Populate an emergency fund in a high interest money market, or at least in a savings account with your current bank. Then forget about it. Its hard to convey this but you will absolutely be glad you did when the time comes. If you have already done that, then jumpstart your 401(k)/403(b). If you are already maxing that out, then drop it into an index fund. Anything is fine, except parking it in your checking account and having access to it

through your debit card. The same applies with any windfall or raise. Be disciplined and simply try it. You will be amazed at the results.

6. **Take advantage of what you are already making and be diligent and you might find a few financial surprises right under your nose.**

Warnings

- **Don't** cross over into "cheap"!

Free Budget Spreadsheets

Organize data & stay on budget with Google Spreadsheets – free:
docs.google.com

How to Save Money on Gas

Gas prices keep going up, and the money in our wallet keeps evaporating quicker. There are many ways you can spend less money on gas and reduce your overall fuel consumption. But, you must think it through and begin formulating new plans! One technique that has been around for a while but has drawn more attention recently is hypermiling. However, use your head because some hypermiling techniques are illegal and extremely dangerous.

Steps

1. Drive less

1. **Walk, bike, ride the bus or join a carpool.**
2. **Reduce your commute** by moving closer to work or working closer to home. This will save time as well as money. You may even be able to save even more money by becoming a one-car family.
3. **Combine trips.** If you can do several short trips in one longer trip, you will save fuel and time. Make lists to avoid having to go back. Call ahead to avoid wasted trips.
4. **Walk between stops.** Once you get into town, some of your stops may be near each other. Park between some or all of them and walk.
5. **Park in the first spot you find.** If you wander all over the parking lot looking for that really close parking space, you'll use more gas. Don't be afraid to walk a ways if it comes to that - the walk will do you good!

2. Find good prices

1. **Don't be brand conscious when buying gas.** Buy where you can get the best deal. Regular gas is very much a commodity meaning there isn't any significant difference between any of the brands. In fact, all the brands fill their tanker trucks at whatever refinery is closest and the only difference between "brands" is a few gallons of a proprietary additive package that gets mixed with the fuel loaded to the truck. All additives must meet OEM and EPA performance standards so the only real difference between brands is the audacity of the superior performance claims.
2. **Use a fuel with the lowest required octane.** Low-octane "regular" gas is usually all that is required. Octane is only a rating of the fuel's resistance to engine-damaging pre-ignition ("knock") in high-performance engines (that few people have). Low octane gas is less expensive and a better value if that's all your engine requires. Best case scenario you're wasting money by filling up with a higher than recommended grade of gas. Worst case scenario that high octane fuel is building up damaging carbon deposits in your engine because it's not being burned as completely as lower octane fuel would be. Check your owner's manual to be sure. Modern high performance cars will sometimes recommend higher octane fuels because they are engineered to use those fuels. The use of lower than recommended octane will not make your car explode, the ECM (Engine Control Module, aka:computer) will adjust the fuel injectors and spark timing to save the engine and compensate for you cheaping out at the pump. Those adjustments will

consist of retarding the spark (reducing power and efficiency) as well as dumping lots of extra fuel into the cylinders to cool them, potentially costing you more than getting mid grade or premium IF that's what your car requires. Also remember that engines need less octane at higher altitudes. If your engine does not "knock" on regular, paying more for a higher octane rating is a waste since the increased octane makes no significant improvement to gas mileage and it is no better for your engine. All available fuels have detergent and additive packages.

3. **Apply for a credit card** which offers gas savings when you use the card for purchases. This works in much the same way that some credit card companies allow you to earn frequent flyer miles when you use their card for purchases.
4. **Join a loyalty club.** Some gas stations, department stores and grocery stores offer lower prices when you present their membership card. Keep your eyes open and verify that their prices are really lower than other stations in your neighborhood.
5. **Check the web for deals.** With the ever increasing gas prices, use the Internet to find the cheapest gas near you. Some of these sites even offer text messaging capabilities, where they will send you the a text message with the location of the cheapest gas in your area. Here are 3 sites that enable you to search for lower price in your town: MapQuest, GasBuddy.com and GasPriceWatch.com. GasPricesRelief.com now supplies a free gas card valid at most gas stations. But don't drive miles out of your way or wait in excessively long lines (your car gets 0 MPG while stopped and idling.) just for a cheaper station, or you will defeat the purpose.
6. **Mix octanes.** In some areas, the lower octane may be too low for your car and the mid-grade or higher octane may be more than what you need. To avoid overpaying and still get the correct octane for your car you can mix the gas. For example, if your car takes 87 octane and the pumps have 85 octane and 89 octane, then when filling your car, fill half the tank with 85 octane and the other half with 89 octane and this will give you an equivalent of 87 octane plus it will save you money because the lower octane gas costs less.
7. **Determine whether gas with ethanol is right for your vehicle**
 - If there is a high proportion of ethanol, the lower energy content of the fuel will almost always lower mileage.
 - Fuel with ethanol may be less expensive than standard gas, but consider the reduced fuel economy. You may or may not save money by filling up with cheaper (subsidized) ethanol blended fuel. You first need to know if, and how much your fuel economy suffers on ethanol blended fuel vs. non-ethanol fuel. You then need to calculate your fuel cost per mile (or km) for each fuel.
 - Ethanol is not much better for the environment, because only ethanol made with sugar cane is more fuel efficient from the harvesting and processing than regular gas. Fuels with ethanol additives can corrode fuel lines in vehicles not designed with ethanol fuels in mind, but E10 and E20 do not damage your engine.
8. **Don't refill your tank until the last quarter tank but don't push this any further.** Doing this can extend your gas because you are hauling a lighter fuel load. It also gives you the opportunity to buy more gas if you run across a bargain.

However, in cold weather, you run an increased risk of condensation in the fuel tank. Running a car with less than a quarter tank can shorten the life of the electric fuel pump and running on empty will often destroy the pump because it is forced to run constantly trying to pressurize fuel since it often has access to only air. The hard-running pump motor then overheats because it needs a bath of liquid fuel to transfer operational heat to and it also loses pressure building ability because its internal seals need gas to lubricate against friction. Keeping the tank one-quarter full also is a safety issue as you never know when you might experience an emergency and need gasoline in your car!

9. **Fill the tank full.** If you need to fill up, fill up all the way. The more money you try to save by adding \$10 today and then \$20 tomorrow will be wasted since each time you will have to travel to the station and wait for a pump. Instead, do it all at once to save time and money.
 10. **Don't top off the tank.** It is wasted money and bad for the environment because it invariably forces liquid fuel into the evaporative emissions system where it overwhelms circuits that are supposed to only route fuel tank vapors to the engine while it is running and can be burned.
 11. **Buy gas on Wednesday.** Gas prices are statistically the cheapest on Wednesdays, but this is only statistically true over a large number of days. It won't be true every week.
 12. **Buy gas three days before a holiday.** Gas prices almost always go up for holidays.
3. **Take care of your car**
1. **Give your car a tune up.** Properly maintaining your car will keep your car running as efficiently as possible.
 0. **Change the oil regularly.** Use a synthetic oil instead of mineral oil. This will cause your engine to run better and give you better mileage.
 1. **Upgrade your air filter.** More efficient brands of air filters cost a little more but will pay for themselves in most vehicles in fuel savings. Check it every oil change and change it regularly. Clogged air filters cause engines to work overtime which requires more fuel.
 2. **Use a fuel injector cleaner** or complete fuel system treatment occasionally. Not only will you see a boost in gas mileage, but in your car's overall performance. Fouled injectors vaporize fuel poorly, affecting how completely the fuel is burned.
 2. **Upgrade your tires.** Low resistance tires, such as Michelin Energy MX 4 Plus claim to increase gas mileage.
 3. **Check the air pressure in the tires every week.** Buy an inexpensive air pump and an accurate tire gauge. Keep all tires inflated to the pressure as recommended for your car.
 4. **Clean out any unnecessary items in your car.** If you have heavy objects in your car that you don't need, remove them. If your car is lighter, it will use less fuel to get where you're going.
 5. **Remove unneeded racks.** If you have a bicycle or ski rack, remove it when you're not using it. It causes drag and lowers mileage.
4. **Buy a different car**

1. **Buy a diesel.** Diesel cars can often get better mileage than comparable hybrids. Getting a diesel car also allows for use of bio-diesel or even waste vegetable oil (WVO/SVO) fuel.
2. **Buy a hybrid.** Not only do hybrids give you immediate savings at the pump, the U.S. government and your local state offer tax breaks for people who use gas-saving cars. Federal deductions for using gas-saving cars can be as high as \$2,000, but check before buying to see if they're still in effect.
3. **Buy a smaller car.** Generally speaking, smaller cars are lighter and get better mileage.
4. **Buy a motorcycle** or scooter instead of a car. They are cheaper and often get 70 MPG or better. Riding gear is available for most weather conditions. A good example is the Kawasaki EX250, which costs about \$3,000, gets 60-70 MPG at highway speeds, and can go 0-60 MPH in under 6 seconds!

5. **Drive smarter**

1. **Avoid idling.** While idling, your car gets exactly 0 miles per gallon while starting the car uses the same amount as idling for 6 seconds. Park your car and go into the restaurant rather than idling in the drive-through. Idling with the air conditioning on also uses extra fuel. Also, avoid going so fast that you have to brake for someone. Whenever you brake, you waste the gas it took to get going that fast.
2. **Plan your trips in advance.** This can prevent wasting fuel and wasting time. Plan to use alternative routes. Often back roads can prevent you from stopping at traffic lights and more importantly sitting in traffic jams. Try to schedule your trips and errands when traffic is lighter.
3. **Use a global positioning system (GPS)** to help you navigate and find the fastest and shortest distance to your destination. Avoiding hills and stops will increase your gas mileage.
4. **Drive at a consistent speed.** Avoid quick acceleration and hard braking. Cruise control will keep you at a constant speed, even when going up and down hills.
5. **Avoid stops.** If approaching a red light, see if you can slow down enough to avoid having to actually stop (because you reach the light after it is green). Speeding up from 5 or 10 miles per hour will be easier on the gas than starting from full stop.
6. **Anticipate the stop signs and lights.** Look far ahead; get to know your usual routes. You can let up on the gas earlier. Coasting to a stop will save the gasoline you would otherwise use maintaining your speed longer. If it just gets you to the end of a line of cars at a red light or a stop sign a few seconds later, it won't add any time to your trip. Ditto for coasting to lose speed before a highway off-ramp: if it means you catch up with that truck halfway around the curve instead of at the beginning, you haven't lost any time. In many cities, if you know the streets well, you can time the lights and maintain the appropriate speed to hit all green lights. Usually this is about 35 to 40 MPH.
7. **Maintain a safe following distance.** Don't stick to the bumper of the car directly in front of you. You will brake more and accelerate more to keep that unnecessary and dangerous narrow gap. This also gives you a lot more room to play with when you are timing traffic signals. Likewise, ignore tailgaters. They will tailgate you

whether you go the speed limit, or 100MPH over the speed limit. Allow them pass when it's convenient.

8. **Slow down.** Air resistance goes up as the square of velocity. The power consumed to overcome that air resistance goes up as the cube of the velocity. Rolling resistance is the dominant force below about 40 mph. Above that, every mph costs you mileage. Go as slow as traffic and your schedule will allow. Drive under 60-65 since air grows exponentially denser, in the aerodynamic sense, the faster we drive. To be precise, the most efficient speed is your car's minimum speed in it's highest gear, since this provides the best "speed per RPM" ratio. This is usually about 45 to 55 miles per hour.
9. **Take off slowly from a full stop.** This is one adjustment that will have dramatic effects on your gas mileage; don't tear off from a stoplight or stop sign!
10. **Stay well away from store fronts** where you will spend significantly more time idling and waiting for pedestrians and other vehicles.
11. **Use A/C only on the highway.** At lower speeds, open the windows. This increased the drag and reduces fuel efficiency, but not as much as the AC at low speeds (35-40 mph). The air con - when used a lot - is known to use up about 8% of the fuel you put into your car.
12. **Shift into neutral if you are not comfortable with downshifting.** Standard transmission vehicles may save gas by shifting into neutral when going down hills steep enough to maintain speed (although engine braking is safer on steeper declines). Do not do this in a Hybrid car, they use this "regenerative engine braking" to generate electricity and charge the batteries. NOTE: This strategy will result in more wear and tear on your brakes. Neither of these strategies is recommended for normal automatic cars. Also, if you own a car with fuel injection, it is more efficient to keep the car in a high gear while going down hills. Simply take your foot off the gas.
13. **Park in the shade.** Gasoline actually evaporates right out of your tank, and it does so faster when you park directly in the sun - winter or summer. Parking in the shade also keeps it cooler inside, and you will need less A/C to cool off when you get back in. If there is no shade available, park so that your gas tank (the actual tank under the car, not the valve to fill it) is facing away from the direct sun.

Tips

- If you are driving a stick shift with fuel injection, note that 50% throttle at 1200 rpm's uses less gas than 10% throttle at 2500 rpm's. As long as the engine is not lugging or pinging, shift as soon as possible and use plenty of throttle. The engine is more efficient when it does not have to pump air past a closed throttle plate.
- You could use a GPS to calculate how far away you are from the next state and if you know fuel tax is less in the next state, just put enough fuel in to get you to the next state and fill up with gas where it is cheaper
- Pencil gauges are not accurate for measuring tire pressure.
- When choosing the optimum air pressure for you tires the figure imprinted on the tire wall is the MAXIMUM. The figures printed on the sticker in the door frame, in the fuel

filler flap, and in the manual are for *comfort* rather than fuel efficiency. Generally speaking, a slightly higher pressure will improve fuel mileage and handling, but too high will degrade traction and wear the tires rapidly, as well as being unsafe.

- Reusable "oiled" air filters may increase gas mileage because of the amount of dirt that they trap and they will allow more air to move into the engine which in turns causes a better combustion in the engine
- Most car modifications do not improve mileage. Extra wings add drag. Power improvements often hurt mileage. However, if your car is turbocharged, chiptuning may result in a mileage boost. The mileage boost will be canceled out if you drive more aggressively due to power improvements.
- Many of these tips change slightly if your engine is turbocharged or diesel. For instance, diesel engines use almost no fuel while idling. Diesel trucks will often be left idling all night to provide heat or power for the trucker inside the cab, at the cost of relatively little fuel.
- Wholesale unleaded is now a traded commodity. Watch the futures price as it will forecast price at the pump, which will be about equal to the wholesale price plus taxes plus about a nickel per gallon for the station.
- Keep meticulous records of what you spend and how many miles you drive so you can quickly spot changes in vehicle performance. It will also help focus you on the goal of saving.
- Every MPH faster yields you less advantage than the last one. Going 10MPH is a big difference over 5MPH, but there is very little difference between 55MPH and 60MPH, unless you are on a very long trip. Many people mindlessly speed wherever they go, and gain absolutely nothing but a heftier fuel bill. Assuming everything goes perfectly (and when does it?) going 5MPH, even 15MPH faster on a highway for a short trip will yield nothing but aggravation as you keep catching up to slower traffic.
- Slow down a little below the speed limit, and the highway can seem like it is wide open.
- Often the right-most lanes keep moving more than the left-most in areas prone to traffic-jams. Vehicles continue to exit, which keeps leaving 'gaps' to fill in.
- A manual transmission saves an average \$1000 on the cost of a new vehicle, and eliminates routine transmission maintenance that an automatic transmission requires (and most people never do this maintenance once the warranty is up - so a used car with an automatic is a risky purchase). In most cases, an automatic transmission gets significantly worse mileage overall than a manual transmission.
- Neutral is also a 'gear' on a manual transmission, which you use constantly anyway. Learn how to coast between traffic lights, applying power only as needed to keep the car rolling (more or less) with traffic. Learn to judge terrain and use neutral to its full potential to keep the car moving 'for free', and save more gas over time.
- 'Regenerative braking' recovers far less energy than acceleration requires to replace the momentum it loses. To 'coast' further without regenerative braking excessively slowing your automatic transmission equipped hybrid, putting just the right pressure on the accelerator can prevent the 'regen' drag without adding engine power (i.e. if done right the engine won't start AND the regenerative braking won't kick in). With manual transmission hybrids, just leave it in neutral to defeat 'regen' and coast further.
- If you are always stuck in rush hour traffic after work anyway, try to find something to do near your work until the traffic dies down, rather than try to fight through it.

- If you want more information about the mileage NOW, and your car doesn't have a real-time fuel economy indicator, there are various OBDII reader devices (like the 'ScanGauge' or 'Equus 3130') that can be plugged into cars with an OBDII port, and provide 'live' real-time information about fuel consumption rate (gallons per hour), engine RPM, speed, whatever you want that's tracked by the engine computer. Some of them also allow the data to be recorded and downloaded to a computer with a serial or USB cable. Some are little more than a serial/USB cable that plugs into a portable computer with software to give you all manner of 'instruments'.
- The more convenient it is to check your tire pressure, the more often you'll do it. If you are dedicated enough to do it with a manual hand/foot pump, fine.
 - You can spend a little extra on a pretty good self-contained electric one with a jump start and flashlight on it, too, and then consider it a 'safety' purchase.
 - If you have a garage, an air compressor has many uses besides tires.
 - If you have a larger vehicle (with higher pressure truck tires), you will need a 'real' air compressor; the little electric ones made for cars will fail right away, and you'll wear yourself out trying to pump it yourself.

Warnings

- Don't get crazy in your search for cheaper gas stations. If your car has a 15 gallon tank and you find a station that is 10¢ cheaper per gallon, your savings is a maximum of \$1.50. But if you get 20 miles to the gallon, and drove 10 miles each way to that station, you have already used one gallon of gas to save \$1.50, which at \$4.00 per gallon would actually be a loss of \$2.50.
- Don't put a lower or octane in your car than your car's manual states it requires. However, unnecessarily high octane is a waste of money. Octane is only a rating of the tendency of the fuel to cause damaging engine knock. Higher octanes are sometimes recommended for high performance vehicles because the compression ratios and ignition timing of those engines require higher octane. The engine will self-adjust to any provided fuel, however that adjustment will consist of retarding your ignition timing (reducing efficiency) and dumping TONS of extra fuel in the cylinders to keep them cool. Using the RECOMMENDED octane will provide you with the BEST POSSIBLE fuel economy.
- Be careful of credit card interest rates which may negate your gasoline savings. Also verify that the stations you use don't charge higher prices to credit card customers.
- Stopping and starting the engine frequently will cause extra wear. Don't stop the engine if you are going to idle for less than a minute.
- In very cold environments, it is recommended to allow the vehicle to idle and warm up, rather than just start it and take off. You might save gas, but your engine oil won't do its job until it's fully liquid, so you'll spend more money on overhauls.
- Drafting is dangerous. All the fuel savings in the world will not matter a bit if you get wrecked while 'trying to save gas'. Safe driving habits will save a lot more money than risky driving, and maybe even save lives. Slow down. Be careful.

- Nearly all gas-saving devices do not work, and some even decrease fuel mileage. Intake twisters, gas pills and fuel line magnets do not help mileage. Even if the mileage improvement claims were true, they often cost enough to negate any potential savings.
- 'Chipping' the car (changing/flashing the ROM in its 'brain') is usually meant to improve power, but often fuel savings are claimed as well. Be paranoid about it. It usually can achieve the power statistics it claims, but possibly at the cost of dreadfully expensive engine and drive-train wear and damage. The wrong chip (or a buggy version of a chip) can result in a dead car that's expensive enough to repair that it's 'totaled'. Needless to say, 'chipping' a car definitely voids the warranty.
- Be very careful when shifting into neutral when going down hills. You may find yourself going a lot faster than you thought you would. This is actually *illegal* in some jurisdictions.
- Keep in mind that the engine will assist with braking down steep inclines. If you ever need to brake while going down a hill, keep your vehicle in gear. Staying in neutral and only using your brakes (freewheeling) can cause the brakes to heat significantly, resulting in brake fade or breakdown, and total loss of control.
- Be sure to keep to right lanes if you're not going to keep up with speeding traffic, and allow other traffic to pass.
- If you drive slowly enough on a long enough trip to add hours, be sure to take extra breaks.
- When you sign up for the 'loyalty' cards at your nearby store, realize that they do that to track your spending for their own benefit. That is not to say that you don't get a lot out of it. The savings can be substantial.

How to Get Out of Debt

Getting out of debt and staying out of debt is not easy. Chances are, you're reading this article because you've already amassed a fair amount of debt and are thinking it will be impossible to ever get out from under it all. Learn how to stop incurring new debt and change your life.

Steps

1. **Stop increasing your debt.** If you have any credit cards that are maxed out, cut them in half. If you have more than one remaining credit card, cut them up. When you finish, you should have no more than one credit card. Also cut up any "convenience" cards, such as gas cards, department store cards, etc. You will use your one credit card ONLY to buy "must haves" (see below) until you can get your spending fully under control.
2. **Record your spending.** The idea of writing down what you spend is a concept most people find annoying at best and useless at worst. However, this is actually your key to getting out of debt. You're in debt because you spent money you didn't have. If you're like many people, your debt didn't come from one single huge purchase; it was trickles of spending amassed over time. Avoiding more debt starts with knowing what you are spending your money on. Each day for one month (at least), write down every penny you spend, no matter how small.
3. **Categorize your spending.** Categorize your monthly expenses into logical groups of "Must have," "Should have," and "Like to have." "Must haves" are things that will cause harm if you don't buy them, such as food, rent, medicine, pet food, etc. "Should haves" are things that you need, but can do without for a little while, e.g., new clothes for work, gym membership, etc. "Like to haves" are things that you don't need, but enhance your life, e.g., magazine subscriptions, newspaper, cable tv, weekly coffee with friends, IM on your phone, etc. By doing this, you'll have a good idea of what you spend your money on, and you'll be able to figure out where you might need to cut back on spending. You don't want to eliminate all of the "should haves" and the "like to haves," but take a look at those first. One of your expenses will be paying off your debt. You will want to always pay more than the minimum required, otherwise it will take a really long time to eliminate your debt. For example, a single credit card with just a \$1,000 balance and 19% interest will take about FIVE YEARS to pay off by making only the minimum payment of \$26.
4. **Make a budget based on your spending record.** Write down the amount you spent in each category of spending last month as you budget for spending for the next month. Don't sweat if you feel like the amount is too much. For now, just write it down. If you spent \$250 on clothes last month, write it down. If you spent \$200 on gas for your car last month, write it down.
5. **Figure out your debt paydown fund amount.** Looking at your new budget, you're going to be able to see areas where you might be able to cut back. You might also see categories where you need to increase spending. In doing this step, no one is suggesting that you come up with budget amounts that are unlivable. Think about going on a diet--if you try to restrict your calories excessively, what's the first thing you want to do? Krispy Kreme here you come, right? The key here is to be realistic. Are you paying money for a

gym membership you never use, despite your best intentions? What about the \$4 a day, every day, morning coffee you get before work, or your 5-cans-of-Diet-Coke-a-day habit? Chances are, your budget has some fat that can be trimmed. At the end of this exercise, you should have come up with a figure, a number of dollars that can be put toward debt pay down. Make a note of this figure. Day-to-day, if you don't want to keep taking note of all your expenditures, just write down what you spend in the categories you are trying to cut back. This will give you a very clear idea of how well you are doing, and, if you know you're going to go over your budgeted amount, it may help you decide to hold back on a purchase. If you're still unable to find money in your budget, you may be able to find it in your paycheck. Statistics show that the average employee pays over 30% in taxes. Meaning that if your salary is \$50k per year, your take home pay is only \$35k. There are millions of employees who have filed their w4 forms incorrectly which means that their job is taking out more money than they should. If you are interested in determining your withholdings visit this website

<http://www.kiplinger.com/tools/withholding/>. You should review your filings with an CPA to determine your exemptions. Chances are, you can refile your w4 form and increase your paycheck almost instantly. However if all else fails, and you still can't qualify for a more exemptions than start a home base business to take advantage of the write offs. You must work them to make a potential profit but the tax write offs alone are worth it. There are a lot of businesses out there that you can plug into, but there is one that may be more helpful because their services revolve around getting you out of debt as quickly as possible using your same money, credit restoration, unlimited access to CPAs and Financial Planners, and building wealth, because while you are getting out of debt you should be building wealth.

6. **Figure out how much you owe, to whom, and on what terms.** Debt can often feel overwhelming because you really don't have a clear idea of how much in debt you really are. Gather your bills, and make a simple list or spreadsheet of all the debts you have. Write down all the pertinent facts, including name of the creditor, your total balance, your minimum monthly payment, and your interest rate.
7. **Start paying it off.** Take the debt paydown figure of money you trimmed from your budget in step 4, and apply it to debt repayment. It's a good idea to prioritize the debts to which you are going to apply this extra money. Do you have debts that are past due and the creditors are hanging out on your door step demanding your first-born? Do you have debts with exceedingly high interest rates? Consider these top priorities. *Let's say you determined in Step 4 that you could comfortably trim an extra \$250 from your monthly budget to go toward paying debts, and that from your list of debts in Step 5, you owe \$2,000 on a store credit card that has an interest rate of 19.5%, \$1,000 on a Visa with an interest rate of 11.5%, and \$25,000 in student loans with an interest rate of 5%. You would want to pay the minimum on your low interest rate debts, and apply the bulk of your \$250 to the highest interest rate, in this case, your 19.5% store credit card, despite the fact that the actual cost of the student loan interest is highest. Also, consider that if you are already paying a minimum payment of \$50 on that high interest card, if you start sending \$300 per month (the minimum you are already paying plus your debt paydown figure), once it is paid off, then you will have increased your debt paydown figure. The next creditor can get the amount they are already getting plus the \$300. Each debt gets easier to pay off than the last.*

8. **Wash, rinse, repeat.** Just kidding, but you get the idea. This process gets easier. Once you've figured out your spending and what debts you owe, keeping it up gets easier and easier. You'll refine your budget over time, increase the amount of money you can pay yourself (see tip below) and the amount you can put toward debt. Continue to pay off each debt in your priority list. As you pay off convenience cards and high interest credit cards, call those credit card companies and cancel those accounts.
9. **Don't give up.** Chances are you didn't get into debt in a day, and you won't get out of debt in a day. Quick fixes don't last, but learning how to manage your money can bring great peace into your life, and you can spend your mental energies on more fun things.

Tips

- Don't consider debt consolidation or consumer credit counseling agencies your first stop. These should be a last resort! Although they may be tempting, if you're going to get your act together, doing it on your own will help you learn the skills you need to fix your own problem and avoid getting in this situation again.
- Make a chart that displays how much you owe divided up by who you owe it to (make sure to include the interest rate on this chart- smallest to largest). Start making monthly payments to each creditor and as you pay off one item entirely, take what you were paying each month to them and apply it to the next largest item until you have paid off all debts except your largest one. At that point all monthly payments you will have been making to the other creditors will be applied to the largest (most likely your home mortgage) and you'll be able to pay it off quicker than you think. You might also talk to your local bank or credit union about their accelerated mortgage programs. These programs will help rapidly reduce the principal of your mortgage, helping to reduce the interest on your loan.
- There are 3 approaches to who to pay first. Pay the highest interest rate first, pay off the largest debtor first or pay off the lowest debt first. Each has advantages. Paying the lowest debt first will give the best satisfaction and measure of progress, paying the highest interest rate first is the best return on dollars and paying the largest debtor first gives a sense of relief. But it is important to be methodical.
- If creditors are hounding you, and you have grown fearful of answering your phone or reading your mail, stop and take a deep breath. You are okay. You will be okay. Now, take another deep breath and call them. Better yet, write them. If the company ever decides to take you to court, you will have proof that you are trying to pay off your debts. Most creditors want to work with you and figure out a way to get things sorted out. When you take the initiative to call and explain yourself, you may find them willing to help and may find they offer you terms that can help you get the debt back under control.
- Contact your credit card companies. Ask each credit card company for help. They aren't likely to forgive you your loan, but they may be willing to reduce your interest rate. If your interest rate is currently 12% or more, ask if they would be willing to cut their rate in half. Why would they consider doing this? Well, creditors do not want you to default on your loan and they want their principal back. Sure, a nice fat interest charge would be ideal too, but if they sense you are ready to default on your loan, you can expect that a lower rate will be offered instead.

- Consider a debt consolidation loan. You can pull all of your debt together into one account, preferably one featuring a fixed, low interest rate. You can use the proceeds from the loan to pay back your other creditors and then make monthly payments back to the loan consolidator.
- Home refinancing. Refinancing your loan may be just the debt reduction help you need as the funds saved by you each month with lower mortgage payments could be used to pay off other debt. Caution: you are placing your home "at risk" if you opt for this choice.
- Visit a credit counselor. There are credit counseling companies who help consumers by offering debt reduction plans to tackle debt. Essentially the way this works is that you will meet with an adviser and lay out a plan to repay your loans. The counselor will negotiate with lenders on your behalf for the lower rate which, in turn, will reduce your monthly payments as well as keep your credit rating intact. Credit counselors work for private companies as well as for government agencies or nonprofit firms. Be careful: a lot of what these people do you can do on your own. Read the fine print to make sure you understand any fees involved; make sure that your credit rating is not adversely affected too.
- Credit counseling is all about you and your financial situation. When it's your dollars at stake make sure to ask the credit counseling organization about what type of customer service they provide. Credit counseling organizations should have someone available for you to talk to during all business hours of the day. Be leery of a credit counseling organization that requires you to leave a message in order to speak to customer service. This can be a sign that the credit counseling organization is shorthanded and having difficulty keeping up with their clients' needs. Be sure to ask about counseling fees and the type of management and education programs they have in place.
- Pay yourself first. Many people in debt put their creditors first and themselves last. Create a budget category for a "contingency fund" to help create a cushion for yourself for spending. The wise owl articles you'll read will say this cushion should have 3-6 months of expenses in it. **Don't get overwhelmed by this.** Setting aside something, anything, for unexpected expenses (i.e. transmission replacement for your car) is a great start.
- Can you earn more? Most people can figure out a way to bring in more income relatively painlessly. Do you have a skill or a hobby from which you could earn some income? If so, this money could be put directly toward debt, and might build an entirely new stream of income potential for you over time.
- If you truly feel you need support, consider joining a local group of Debtors Anonymous. Debtors Anonymous is a 12-step program for people who have trouble with debt and spending and can be a source of great support and inspiration for you if money management is a habitual problem in your life. See the links below.
- You are allowed a free credit report from each of the three companies every 12 months through AnnualCreditReport.com.
- Use cash as much as possible. Paying with cash has a more significant psychological impact than plastic. It feels like you're spending more money so you spend less.
- When paying down debt, pay minimum payments on everything but the bill with the smallest payoff. Once that is paid off, move to the next smaller bill. This is another psychological "trick". It will keep you working your plan because you see progress.
- Remember: Minimum payments lead to the maximum amount of money paid over time. Paying more than the minimum applies more money to the balance, which decreases the

amount of money you will end up paying overall. Note that some creditors frown on this practice.

- Realize that Credit Card companies are not your friend. They WANT you to remain in debt paying a minimum payment on their credit cards every month for THE REST OF YOUR LIFE! (They list your credit card payments to them as one of their assets.) So you should pay off your debt to each of them and then after waiting a couple of months (without using their card again) seriously consider closing that account. It is much more to your advantage to use a debit card issued by your checking account's bank. That way you can still use the convenience of "plastic" for purchases, but the money is deducted from your checking account and you avoid any more debt. And by closing your credit card account a couple of months after paying it off, you'll keep a good listing on your credit report for it.
- If you want something, save for it and then buy it. You should only finance items that are absolute necessities (home and car). Don't finance furniture, small appliances or vacations. If you can't afford to pay cash for it--you can't afford it!
- Paying cash for items is a safe way to avoid any financial errors and bank fees. If you only take \$50 to the store, that's all you can spend. (Bring a calculator) People lose money everyday to banks.
- Have a yard sale and get rid of all that junk! How much stuff does one person really need? If you haven't worn it or you don't use it--sell it! If you don't have a yard, enlist a friend or family member who does. Tell a friend you'll buy pizza if you can have a yard sale on their high traffic street. Put an ad in the paper and start dejunking. Ebay works too but there are fees and you can really get rid of stuff the yard sale way. Send that money to someone you owe and you can scratch a debt off your list. (Look for papers that offer free ads for yard sales and put up signs.) Instead of eBay, use craigslist.org to sell your items for free.

Warnings

- Avoid the temptation of payday advance loans at all costs. It's a quick "fix" that will cause you to get into a snowballing problem of debt. Before you even **think** about taking out a payday loan, consider other resources: family and friends, home equity, and Debtors Anonymous.
- Chronic spending and debt can be a harmful habit, just like alcoholism or any other addiction. Spending can be an escape, or can be used to mask deeper issues. Consult a professional and/or Debtors Anonymous if you feel you might have a problem.
- Don't Be Hasty...closing revolving credit card accounts may actually lower your credit score...it can shorten the length of your reported credit history and make you seem less credit-worthy. Carefully choose which cards to cancel. You can avoid this problem by keeping the older cards and get rid of newer ones. However, you will still want to take your different rates into account as you choose which cards to cancel.
- Be careful with those low-interest balance transfer credit cards. Their default rate will almost always get you into more debt.
- If you settle on an amount to pay a creditor that is less than what is owed that account will reflect poorly on your credit report. It is best to pay off cards and the balance owed 100%.

- Try not to give too much personal information to a collections agency as everything you say is entered into a file. Keep the conversations short and sweet. Don't be tempted to answer personal questions.

Sources and Citations

- DebtorsAnonymous.org - The website for the 12-step program for people in debt.
- AnnualCreditReport.com, the only free credit report website that was created by the Big Three credit reporting agencies and won't spam you or charge you for your credit reports.
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