

66 WAYS TO SAVE MONEY

TRANSPORTATION

Airline Fares

1. You can lower the price of a round-trip air fare by as much as two-thirds by making certain your trip includes a Saturday evening stayover, and by purchasing the ticket in advance.
2. To make certain you have a cheap fare, even if you use a travel agent, call all the airlines that fly where you want to go and ask what the lowest fare to your destination is.
3. Keep an eye out for fare wars. Be prepared to act quickly.

Car Rental

1. Since car rental rates can vary greatly, shop around for the best basic rates and special offers.
2. Rental car companies offer various insurance and waiver options. Check with your insurance agent and credit card company in advance to avoid duplicating any coverage you may already have.

New Cars

1. You can save thousands of dollars over the lifetime of a car by selecting a model that combines a low purchase price with low financing, insurance, gasoline, maintenance, and repair costs. Ask your local librarian for new car guides that contain this information.
2. Having selected a model, you can save hundreds of dollars by comparison shopping. Call at least five dealers for price quotes and let each know that you are calling others.
3. Remember there is no "cooling off" period on new car sales. Once you have signed a contract, you are obligated to buy the car.

Used Cars

1. Before buying any used car:

a. Compare the seller's asking price with the average retail price in a "bluebook" or other guide to car prices found at many libraries, banks, and credit unions.

b. Have a mechanic you trust check the car, especially if the car is sold "as is."

2. Consider purchasing a used car from an individual you know and trust. They are more likely than other sellers to charge a lower price and point out any problems with the car.

Auto Leasing

1. Don't decide to lease a car just because the payments are lower than on a traditional auto loan. The leasing payments may be lower because you don't own the car at the end of the lease.

2. Leasing a car is very complicated. When shopping, consider the price of the car (known as the capitalized cost), your trade-in allowance, any down payment, monthly payments, various fees (excess mileage, excess "wear and tear," end-of-lease), and the cost of buying the car at the end of the lease.

Gasoline

1. You can save hundreds of dollars a year by pumping gas yourself and using the lowest-octane called for in your owner's manual.

2. You can save up to \$100 a year on gas by keeping your engine tuned and your tires inflated to their proper pressure.

Car Repairs

1. Consumers lose billions of dollars each year on unneeded or poorly done car repairs. The most important step that you can take to save money on these repairs is to find a skilled, honest mechanic. Before you need repairs, look for a mechanic who:

- * is certified and well established;
- * has done good work for someone you know; and
- * communicates well about repair options and costs.

INSURANCE

Auto Insurance

1. You can save several hundred dollars a year by purchasing auto insurance from a licensed, low-price insurer. Call your state insurance department for a publication showing typical prices charged by different companies. Then call at least four of the lowest-priced, licensed insurers to learn what they would charge you for the same coverage.

2. Talk to your agent or insurer about raising your deductibles on collision and comprehensive coverages to at least \$500 or, if you have an old car, dropping these coverages altogether. Taking these steps can save you hundreds of dollars a year.

3. Make certain that your new policy is in effect before dropping your old one.

Homeowner Insurance

1. You can save \$100 or more a year by purchasing homeowner insurance from a low-price, licensed insurer. Ask your state insurance department for a publication showing typical prices charged by different licensed companies. Then call at least four of the lowest priced insurers to learn what they would charge you. If such a publication is not available, it is even more important to call at least four insurers for price quotes.

2. Make certain you purchase enough coverage to replace the house and its contents.

3. Make certain your new policy is in effect before dropping your old one.

Life Insurance

1. If you want insurance protection only, buy a term life insurance policy.

2. If you want to buy a whole life, universal life, or other cash value policy, plan to hold it for at least 15 years. Canceling these policies after only a few years can more than double your life insurance costs.

3. Check your public library for information about the financial soundness of insurance companies and the prices they charge. The July, August, and September 1993 issues of Consumer Reports are a valuable source of information about a number of insurers.

BANKING/CREDIT

Checking

1. You can save more than \$100 a year in fees by selecting a checking account with a minimum balance requirement that you can, and do, meet.

2. Banking institutions often will drop or lower checking fees if paychecks are directly deposited by your employer. Direct deposit offers the additional advantages of convenience, security, and immediate access to your money.

Savings and Investment Products

1. Before opening a savings or investment account with a bank or other financial institution, find out whether the account is insured by the federal government. An increasing number of products offered by these institutions, including mutual stock funds and annuities, are not insured.

2. To earn the highest return on savings (annual percentage yield) with little or no risk, consider certificates of deposit (CDs) and treasury bills or notes.

3. Once you select a type of savings or investment product, compare rates offered by different institutions. These rates can vary a lot and, over time, can significantly affect interest earnings.

Credit Cards

1. You can save as much as several hundred dollars each year in lower credit card interest charges by paying off your entire bill each month.

2. If you are unable to pay off a large balance, switch to a credit card with a low annual percentage rate (APR). For a modest fee, Bankcard Holders of America (703-389-5445) and RAM Research Corp. (800-344-7714) will send you a list of low-rate cards.

3. You can reduce credit card fees, which may add up to more than \$100 a year, by getting rid of all but one or two cards, and by avoiding late payment and over-the-credit limit fees.

Auto Loans

1. If you have significant savings earning a low interest rate, consider making a large down payment or even paying for the car in cash. This could save you as much as several thousand dollars in finance charges.

2. You can save as much as hundreds of dollars in finance charges by shopping for the cheapest loan. Contact several banks, your credit union, and the auto manufacturer's own finance company.

First Mortgage Loans

1. You may save tens of thousands of dollars in interest charges by shopping for the shortest-term mortgage you can afford. On a \$100,000 fixed-rate loan at 8% annual percentage rate (APR), for example, you will pay \$90,000 less in interest on a 15-year mortgage than on a 30-year mortgage.

2. You can save thousands of dollars in interest charges by shopping for the lowest-rate mortgage with the fewest points. On a 15-year, \$100,000 fixed-rate mortgage, just lowering the APR from 8.5% to 8.0% can save you more than \$5,000 in interest charges. On this mortgage, paying two points instead of three would save you an additional \$1,000.

3. If your local newspaper does not periodically run mortgage rate surveys, call at least six lenders for information about their rates (APRs), points, and fees. Then ask an accountant to compute precisely how much each mortgage option will cost and its tax implications.

4. Be aware that the interest rate on most adjustable rate mortgage loans (ARMs) can vary a great deal over the lifetime of the mortgage. An increase of several percentage points might raise payments by hundreds of dollars per month.

Mortgage Refinancing

1. Consider refinancing your mortgage if you can get a rate that is at least one percentage point lower than your existing mortgage rate and plan to keep the new mortgage for several years or more. Ask an accountant to calculate precisely how much your new mortgage (including upfront fees) will cost and whether, in the long run, it will cost less than your current mortgage.

Home Equity Loans

1. Be cautious in taking out home equity loans. These loans reduce the equity that you have built up in your home. If you are unable to make payments, you could lose your home.

2. Compare home equity loans offered by at least four banking institutions. In comparing these loans, consider not only the annual percentage rate (APR) but also points, closing costs,

other fees, and the index for any variable rate changes.

HOUSING

Home Purchase

1. You can often negotiate a lower sale price by employing a buyer broker who works for you, not the seller. If the buyer broker or the broker's firm also lists properties, there may be a conflict of interest, so ask them to tell you if they are showing you a property that they have listed.
2. Do not purchase any house until it has been examined by a home inspector that you selected.

Renting a Place to Live

1. Do not limit your rental housing search to classified ads or referrals from friends and acquaintances. Select buildings where you would like to live and contact their building manager or owner to see if anything is available.
2. Remember that signing a lease probably obligates you to make all monthly payments for the term of the agreement.

Home Improvement

1. Home repairs often cost thousands of dollars and are the subject of frequent complaints. Select from among several well established, licensed contractors who have submitted written, fixed-price bids for the work.
2. Do not sign any contract that requires full payment before satisfactory completion of the work.

Major Appliances

1. Consult Consumer Reports, available in most public libraries, for information about specific brands and how to evaluate them, including energy use. There are often great price and quality differences among brands.
2. Once you've selected a brand, check the phone book to learn what stores carry this brand, then call at least four of these stores for the prices of specific models. After each store has given you a quote, ask if that's the lowest price they can offer you. This comparison shopping can save you as much as \$100 or

more.

UTILITIES

Electricity

1. To save as much as hundreds of dollars a year on electricity, make certain that any new appliances you purchase, especially air conditioners and furnaces, are energy-efficient. Information on the energy efficiency of major appliances is found on Energy Guide Labels required by federal law. Check with your electric utility to learn if it has a program to help reduce the costs of any appliance purchases.
2. Enrolling in load management programs and off-hour rate programs offered by your electric utility may save you up to \$100 a year in electricity costs. Call your electric utility for information about these cost-saving programs.

Home Heating

1. A home energy audit can identify ways to save up to hundreds of dollars a year on home heating (and air conditioning). Ask your electric or gas utility if they can do this audit for free or for a reasonable charge. If they cannot, ask them to refer you to a qualified professional.

Local Telephone Service

1. Check with your phone company to see whether a flat rate or measured service plan will save you the most money.
2. You will usually save money by buying your phones instead of leasing them.
3. Check your local phone bill to see if you have optional services that you don't really need or use. Each option you drop could save you \$40 or more each year.

Long Distance Telephone Service

1. Long distance calls made during evenings, at night, or on weekends can cost significantly less than weekday calls.
2. If you make more than a few long distance calls each month, consider subscribing to a calling plan. Call several long distance companies to see which one has the least expensive plan

for the calls you make.

3. Whenever possible, dial your long distance calls directly. Using the operator to complete a call can cost you an extra \$1 to \$3.

OTHER

Food Purchased at Markets

1. You can save hundreds of dollars a year by shopping at the lower-priced food stores. Convenience stores often charge the highest prices.

2. You will spend less on food if you shop with a list.

3. You can save hundreds of dollars a year by comparing price-per-ounce or other unit prices on shelf labels. Stock up on those items with low per-unit costs.

Prescription Drugs

1. Since brand name drugs are usually much more expensive than their generic equivalents, ask your physician and pharmacist for generic drugs whenever appropriate.

2. Since pharmacies may charge widely different prices for the same medicine, call several. When taking a drug for a long time, also consider calling mail-order pharmacies, which often charge lower prices. See the October 1993 issue of Consumer Reports (available in most public libraries) for a list of several of these pharmacies and their toll-free phone numbers.

Funeral Arrangements

1. Make your wishes known about your funeral, memorial, or burial arrangements in writing. Be cautious about prepaying because there may be risks involved.

2. For information about the least costly options, which could save you several thousand dollars, contact a local memorial society, which is usually listed in the Yellow Pages under funeral services.

3. Before selecting a funeral home, call several and ask for prices of specific goods and services, or visit them to obtain an itemized price list. You are entitled to this information by law and, by using it to comparison shop, you can save hundreds of

dollars.

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