

10 Ways to Save

***Your* Money**

Right Now

Financial Fitness Series

By Peter Sorrells

Including excerpts from the Amazon Money & Values bestseller:

**100 Ways to Save and Grow *Your* Money:
Financial Fitness for Regular People**



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Congratulations!

Reading this e-Book is a great first step toward putting more money into *your* pocket and *your* bank account. You alone have control of those improvements – that is good news! By implementing just a few good ideas, you'll be able to watch your savings grow day by day.

This e-book is for regular people like you and me. We do not need special skills, extraordinary luck, rich friends, or any money to get started. No matter your history or present financial challenges, you can start right where you are to create a better future.

You can put these ideas into practice right away, and you'll see the benefits within a few days to a few weeks. Read on – you'll see how easy and fun it is to get control of your money. It just takes a little bit of success – a little pile of money collecting in a jar or a savings account – to fire up your motivation and keep moving forward. The key is to *start now*, don't wait!

Enjoy!

1. Credit cards

Take a good look at your most recent credit card statement, and see what percentage of the payment went toward the principal (the amount you owe) and how much was purely for the finance charge. If you haven't done this before, you'd better sit down first. And maybe bite on a bullet.

Call all of your credit card companies (the telephone number is on the back of the card or on the printed statement), and ask for their lowest interest rate. They will often give you a lower rate just for asking! I didn't believe it, but I tried this at the advice of a friend, and every single credit company reduced my rates. If you have kept your payments current, it is not unusual for the bank to reduce your rate from as high as 25 percent to as low as 8 percent.

Here is an example using a \$5,000 balance, assuming you want to pay it off in two years. You can see that reducing the rate makes the payment smaller. But changing from 25 percent to 8 percent interest can save almost a thousand dollars during the two years you are paying off the card:

Rate	Monthly Payment	12 Months of Payments	Savings in 2 Years by Reducing Rate
25%	\$267	\$3,202	
18%	\$250	\$2,995	\$414
13%	\$238	\$2,853	\$700
8%	\$226	\$2,714	\$977

2. Interest rates

Rates you pay

Shop around for the best interest rates on credit cards, automobile loans, home mortgages, and other debts that you have not yet paid off. Interest rates vary widely among banks, credit unions, and other institutions. One place you can search for the best deals is www.bankrate.com. You can save *big* dollars every month just by refinancing higher-interest loans or transferring balances into lower-interest products. After reducing the payments, *use the extra money each month to build wealth*. What will it feel like when you can see a whole year of salary sitting in your checking account? It might feel *free*—at least, worry free.

Only a small percentage of Americans will ever see that, because they lack information, or discipline, or both. But anyone can have that cushion—including you.

Rates you receive

Check with other banks for the best interest rates on your savings account too. Every bank offers different savings programs and rates, and you do not have to keep your savings account at the same bank as your checking account. You may even find some online, but make sure they are FDIC insured. (The FDIC is a government agency that guarantees your principal will not evaporate, even if the bank fails.) CDs can pay more than passbook savings accounts but usually require a minimum deposit and may tie up your money for six months to five years. Build a foundation of liquid cash of several months' income in case of emergency before putting cash into long-term investments that have withdrawal penalties.

3. Commuting and Gasoline

Try carpooling, bicycling, or other forms of transportation to and from work a couple of times a week. If you can save just \$5.00 a week in gasoline for a year, you've just paid for \$260 worth of Christmas or birthday gifts. Or contributed \$260 toward your children's college fund or your retirement fund. Or bought a plane ticket for your vacation.

Check the local gas stations in your area and buy the lowest-cost gasoline. You can do a Google search for websites that track this daily price information for you.

The range of prices will surprise you; they can differ by up to 20 cents a gallon in the same neighborhood. If you can save just 10 cents a gallon and you typically fill up a 13-gallon tank every week, you'll put \$70 back into your pocket each year.

Own a truck or SUV? At 20 gallons filled up six times a month, 10 cents lower on each gallon saves you \$144.00 every year. Put a \$100 bill and a \$50 bill in your wallet and keep them there to remind you.

Your employer might also allow you to "telecommute" one or two days a week. In addition to saving the gasoline expense and wear-and-tear on your car, it also saves commute time in both directions. More and more employers are allowing and even promoting this concept of "virtual office" which reduces both their expenses and yours.

4. Cash advances and fees

Never use credit cards to borrow cash. The interest rate is astronomically high, and creditors charge you that interest from day one. When you buy something with a credit card, however, they do not charge interest until the closing date of the statement. Emergencies are another story, but let's stick to a strict definition of the word *emergency*. A purse on sale is not an emergency! Anything on sale is not an emergency. Your child needing immediate medical care—that's an emergency. Your car needs repair so that you can get to work—that's an emergency.

If you happen to make a late payment, your credit card bank will immediately charge a late fee (according to www.creditcards.com, they'll charge \$20.5 *billion* in penalties this year). If you accidentally go over your limit, they will also charge you an overlimit fee (maybe \$39 or more). If you do both at the same time, you could be adding \$70 or more in fees to your debt every month.

If this happens, call your credit card bank (the phone number is on the statement and on the card), and explain what happened. For example, you were out of town, had an unexpected medical bill, or your car broke down and you had to fix it to get to work. Then ask them to remove those fees as a courtesy.

If you have been paying on time and keeping your balance under the limit most of the time, they will back these fees out for you—one time. That may be enough to bring your balance back under the limit.

5. Impulse items

Avoid buying anything that is hanging at the checkout counter of a supermarket or department store. These are called “impulse items” because people buy them on impulse! You did not plan to buy these items, and chances are they will end up in your junk drawer anyway. If you really needed them, you would have written them on your grocery list, and they would already be in your shopping cart.

Multiply \$5.⁰⁰ by the number of times you visit the grocery store every week, by 52 weeks, to calculate your true savings. Twice a week at \$5.⁰⁰ each is \$520 a year that you could have paid yourself.

This goes for email offers, mail offers, telephone solicitors, and anything sold door-to-door. The vendors and products may be awful or excellent – it doesn’t matter. Buying them will drain money from your debt-payoff and money-savings plan.

Unless you have planned to buy those items and they are already in your budget for the month - and unless they are lower-cost than you can buy from your local store – don’t fall prey to an advertising program.

Just say “no, thank you” and delete the email, hang up the phone, close the door and smile – you’ve just won a victory in your financial life.

6. On-time payments

Pay your monthly installments and other bills on time to avoid late charges. Most automobile loans and credit cards, for example, add about \$35 to any payment that is more than a few days late. Not only will you save the \$35 every month, your final payment at the end of the loan will be smaller because less interest will accrue. Even if your lender offers a “grace period” for late payments, they are charging you interest for every nanosecond the payment isn’t in their hands. Why pay more interest than you have to? If you are a person who routinely pays late charges, even on one credit card, that is costing you more than \$400 every year. You could have paid yourself instead.

Here is an easy step in self-discipline: put the due dates on your calendar or a PDA that will beep to remind you, so that you will pay on time every month. Or set up an online payment that debits your account on the due date each month automatically.

Note: if you set up automatic debits to pay bills, make sure to set up overdraft protection, or text and email alerts with your bank. This will help prevent over-drafting your checking account. An “overdraft” means debiting more than the funds available – for example, your car payment debits your account for \$200 when the account balance is only \$150. If that happens, the bank might “bounce” the debit (refuse to pay – causing you a late fee from the payee). Or the bank might pay the debit anyway and charge you a new fee: \$38 NSF (“Non-Sufficient Funds”) for the overdraft. Most banks have an overdraft protection program using a credit card or savings account as a backup. But you’ll have to ask for it – they’d rather charge you regular NSF fees than volunteer that information.

7. Lunches and budgets

If you have been buying your lunch every day on the job, at a cafeteria or restaurant, try brown-bagging it one or two days a week. That is, make your lunch at home and bring it to work. You can bring a sandwich and a drink from home for about \$1.00, instead of \$5.00 to \$15.00 for a cafeteria or restaurant meal. Using the minimum amounts, saving \$5.00 twice a week is \$500 a year!

You may feel that those lunches are worth \$5.00 to \$15.00 to you. Are they worth \$500? Are they worth \$1,500? That's what they are costing you.

While preparing your monthly budget think about each amount and whether you could live with 5 percent less or 10 percent less. If you budgeted \$150 for lunches, could you brown-bag some days and budget \$135 for lunches instead?

If you budgeted \$500 for groceries, could you do it for \$450? Just for this month? And put that \$50 into savings? Do you need to budget \$200 for clothes this month, or could you live with \$180 and use the other \$20 to pay down a credit card?

If you can cut back any one category, or several categories—even a little—your budget will save and grow your money. Dollars that you save in any category can be put into savings or debt elimination.

8. Movies

If you like to go to the movies, consider this: a family of four at a first-run movie costs more than \$50 for tickets, popcorn, and a drink. If you go even once a month, that's \$600 a year.

But you can see the same movies at the "dollar theater" a couple of months later for about one fourth the price. Or go only to matinees (these are usually in the morning or early afternoon), which have lower rates than the evening show times. Or wait for the movie to come out on DVD, and then rent it for \$5.⁰⁰ at your local video store.

The lowest cost we have found is Netflix, which mails DVDs to your house as fast as you return them. With this service, your movie costs drop close to a dollar each. At this writing, their cheapest plan is about \$8 a month for as many movies as you want.

If you watched a movie every time one arrived in your mailbox and dropped it back into the mail the next day, you'd see five to eight movies every month. That's less than \$1.50 a movie, plus about a dollar for popcorn you bought at the grocery store.

In fact, on that \$8 plan you can watch a lot of movies on their website using your computer or web-ready TV, cutting your cost-per-movie even more. Maybe you'll spend \$5.⁰⁰ instead of \$50.⁰⁰ and see a lot more movies.

9. Switch off

Keep unnecessary lights and appliances in your home turned off. Consider this: four 60-watt light bulbs running for sixteen hours use 3.8 kilowatt-hours. At ten cents per kilowatt-hour, running these four lights sixteen hours a day will cost you about \$140 a year. This one fixture (usually one single wall switch), if left on sixteen hours a day, will cost you the same \$140 a year.

The best way to conserve is to use natural light during the day and to use lights only in the room you are using during the evening, keeping lights in other rooms turned off.

Appliances can use much more energy than your lights, so it is important to control your use of these too. You can usually find the power consumption on a sticker inside or on the back of the appliance. Here is the calculation to use in determining your yearly cost (or yearly savings, for each daily hour you can keep an appliance turned off):

$$(\text{watts})/1000 \times (\text{hours per day}) \times (\text{cost per kilowatt-hour}) \times (365 \text{ days})$$

For example, an electric water heater that runs five hours a day for a year, at \$.07 per kilowatt-hour, costs:

$$5,000 \text{ watts}/1000 \times 5 \text{ hours}/\text{day} \times \$.07/\text{kwh} \times 365 \text{ days} = \$638$$

You can reduce that cost by installing an inexpensive timer that turns the water heater on when you need it, and off when you don't. They cost about \$45 and should be installed by a licensed electrician.

10. Optimizing the cost of technology

Switching from an expensive digital cable subscription with all the movie tiers to basic cable—even analog cable if it is available—can save \$30.00 to \$40.00 per month or \$360 to \$480 per year. That TV isn't making you any money anyway; you probably need to spend less time in front of it so you can save and grow your money!

Using your cell phone or VOIP can mean free long distance to talk to your family and friends, rather than tens or hundreds of dollars a month using a land line. VOIP is Voice Over Internet Protocol (using your computer as a phone) and can range from a free service like Skype (www.Skype.com) to paid services for about \$20.00 to \$30.00 a month.

You'll need a cheap headset or a phone with built-in VOIP capability, but these services work well and for a fraction of the cost of regular long-distance service on your land line.

You can even reduce the cost of your cell phone contract by right-sizing your plan for the number of minutes and text messages that you usually use. If you are paying \$20.00 a month for unlimited text, for example, but you use only 100 text messages each month, your carrier may have a plan for \$5.00 or \$10.00 a month that would cover your usage. Saving \$10.00 every month means putting \$120 a year into your pocket or paying down a credit card.

11. Bonus Ideas!

1. Keep receipts, and don't be afraid to ask for returns and exchanges even if it's an item you bought months ago. Some stores will honor returns much later than you might expect. I once bought a belt that didn't fit, and it sat in my house for five or six months.

I finally went to the store to buy one that fit, thinking there was no way they'd credit the first one, but they did – and I got a brand new belt for free instead of paying another \$20. Just for asking.

2. One of my readers told me about a secret way that some spouses save extra money: returning items that their spouse bought “on sale” but didn't need, and later forgot about. “He never misses it”. 😊 A little sneaky but hey, ten dollars is ten dollars...
3. Don't forget about garage sales – sort of like Ebay without a computer. A few cardboard signs around the neighborhood and you're in business. We've been able to reclaim anywhere from \$25 to \$250 reselling items that we don't need anymore.
4. If you have an inkjet printer, don't replace the ink cartridge just because the printer software tells you to... they are designed to sound the alarm quite a few pages before the tank is empty. Make sure you have a new cartridge ready so the printer doesn't sit empty for a long time, but wait until the print quality suffers before replacing the ink. You might get an extra week or two before opening another expensive cartridge.

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5. You can also save some money by refilling your own ink cartridges. The ink can be ordered online from a number of different sites like www.inksell.com and www.123refills.net. It's a messy enterprise but it saves money compared to buying new cartridges. I've also refilled copier toner cartridges and even replaced laser drums very inexpensively with kits from www.TonerRefillKits.com.
 6. Be a late adopter rather than an early adopter. Nearly all consumer electronics gadgets go down in price after they are first released to the market, and they improve in features as fast as the price drops.

I remember buying a tiny black Apple mp3 player the first month they were available, for about \$250 (more than \$300 with tax and warranty). When I lost it two years later, I went onto Ebay and bought a much more advanced version, with a bigger screen and double the memory, for about \$75.

7. Always, always ask. My college roommate, Marvin, was an expert at negotiating prices. He never paid retail for anything. Just by asking for a better price, he'd get one. Never believed the price on the tag. He spent more time buying things than I did, but he always got a better deal. Didn't matter if it was a stereo or sporting goods or a refrigerator. I learned a lot from that guy.
8. Windshield wipers are windshield wipers. If you live in a hot climate like I do in Arizona, it doesn't matter whether you buy the \$7.99 wipers or the \$29.99 wipers – they work about the same and they'll rot in the heat in about the same time. Buy the \$7.99 version.

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9. They say two things in life are certain: death and taxes. But I've found another one just as certain: changing the oil in my car. A \$39 expense that hits my budget every two or three months, multiplied by two cars. Watch for coupons in the mail, and download them online. Some vendors offer discounts right on their website. Another thing I've learned is that oil is oil, and cheap oil works in my car just as well as expensive oil. Therefore a \$15 oil change is superior to a \$39 oil change any day.

 10. Check out the 99¢ menu at the fast food drive-thru. First of all, if you must eat junk because you're in a hurry, choose one that has a 99¢ menu and then use it. You can pay \$4.50 for a hamburger, or 99¢ for a hamburger. And a small drink for 99¢ instead of a large at \$1.75 – we don't need all that sugar anyway.

It might not seem like a big deal, but saving \$4 on a meal twice a week is \$416 a year. For a family of four, it's \$1664 a year!

Right now you're thinking of a credit card bill that wouldn't be there if you'd done this for the past year... don't worry, you can start now and have the same result in just a few months!

Good News

The bottom line is this: you can't wait for your ship to come in. You can't wait for the government to rescue you. You can't just hope and pray. And you can't keep on doing business as usual, unless you want to continue having the same result in your financial life.

It is my passion to help you accomplish your financial goals. The first step, then, is what? You must have some goals! A mental picture is a good start - what it will be like to wipe out your debt and have some serious money in the bank. But that's not really a goal unless it is a specific amount of money, in a specific amount of time, and it's written down where you can see it every day. *That* is a goal.

Numbers do not lie. Start now, collecting all your expenses and income on a budget sheet. You have to know where you are on any map, before you can plan a trip to a destination. Once you have the "You Are Here" picture, you can write down some goals and break them down into monthly and weekly actions.

You have the power to change your financial picture, because you can write down your goals, and you can choose the steps to reach them. Like I said in the introduction, that is *good news!*

Armed with the right information, anyone – and I do mean anyone – can save and grow money. There are plenty of examples of regular people – just like you and me – who've built a comfortable or even wealthy life by setting goals, making good choices, and putting one foot in front of the other.

You can do it!

Learn 100 more ways to save and grow your money
in the Amazon Money & Values Bestselling book:

100 Ways to Save and Grow *Your* Money: Financial Fitness for Regular People

"Pete Sorrells' book is as powerful as it is simple. In these days of financial fear and chaos, this book offers a fresh breeze of clarifying sanity. Don't spend one more day worrying about money...get this book and see how fun and easy it is to put your life in order and be in charge of your prosperity and security once again."

- Steve Chandler
Author of *Fearless*

"Pete Sorrells has developed a great little book that I wish everyone would read. 100 Ways to Save and Grow Your Money is a resource that will continue to pay long-term dividends for anyone who seeks to improve their financial health and wellbeing."

- Dave Briggs
Director - Enrich Financial Ministries
Central Christian Church of the East Valley

"I want to compliment you on your excellent book. It is clearly written and immensely practical. "

- Steve Gobbell
Manager, Editorial, Pearson Digital Learning

"Fantastic book on succeeding with money! Definitely a book for rhinos!"

- Scott Alexander
Author of *Rhinoceros Success*

"100 Ways to Save and Grow Your Money was an excellent tool to educate seniors in my high school Life Skills class and prepare them for the real world. The students really enjoyed reading the book and were motivated to save money."

- Mireille Helm
College Prep Advisor
Gilbert Christian High School

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