

EVERYDAY BUDGETING & MONEY SAVINGS TIPS

Looking to start saving money, but don't know where to begin?

The biggest savings often lie in the areas where you spend the most money.

Average household spending

		% of expenditures
Average income (before taxes)	\$51,128	
Average annual expenditures	\$40,817	N/A
Housing	\$13,432	33%
Transportation	\$7,781	19%
Other	\$6,153	15%
Food	\$5,340	13%
Personal insurance and pensions	\$4,055	10%
Health care	\$2,416	6%
Apparel and services	\$1,640	4%

(Source: U.S. Department of Labor, Bureau of Labor Statistics' Consumer Expenditure Survey 2004)

Housing and Utilities

If you're struggling with an unaffordable mortgage or rent payment, moving to a cheaper place or getting a roommate may be options. Otherwise, here are some ways to lower your housing costs:

- Refinance your mortgage to get a lower rate or to switch from a 15-year mortgage to a 30-year loan.
- Challenge your property-tax assessment.
- Investigate whether bundled service (phone, high-speed Internet and television) might save you money.
- Wash only full loads of dishes or clothes.
- Use shades, blinds and drapes to regulate your home temperature.
- Install a programmable thermostat so your home is heated or cooled only when you're actually there.

Transportation

Buying used cars and driving them for years is a great way to reduce your lifetime transportation expenses. For short-term ways to reduce your transportation costs, try to:

- Raise the deductibles on your auto-insurance policy.
- Strive to get insurance discounts such as good-driver, good-student and multiple-car discounts.
- Investigate carpools and public transportation, and see if your employer offers any subsidies.
- Bike or walk as often as possible.
- Avoid repair bills by maintaining your vehicles properly with regular oil and filter changes.
- Group your errands and, if you have more than one car, use the vehicle with better gas mileage.

Food

Dining out utilizes nearly half the average family's food expenditures, so eating in more often is one of the fastest ways to trim your food budget. Other ways to control costs include:

- Bring lunches and snacks to work.
- Make at least one or two meatless meals each week.
- Buy fruits and vegetables in season.
- Check your fridge daily to use items before they go bad.
- Give up a vice (smoking, drinking, soda, salty snack foods).
- Use the weekly grocery store circulars to see what's on sale and plan meals accordingly.

Personal insurance and retirement

You might be tempted to cut back on your 401(k) contributions to pay off debt, but that's not a good idea, if you can possibly avoid it. Most companies with 401(k) plans offer matching funds, so failing to contribute means you lose out on free money. Here are better areas to look for savings:

- Consider refinancing your term life insurance; rates have dropped in the past decade so you might be able to qualify for a lower premium.
- If you have a long-term disability policy, investigate the savings if you opt for a longer waiting period to reduce premiums (if you have an emergency fund.)
- Suspend contributions to annuities and other accounts that don't offer matching funds or tax breaks.

Health care

With the ever-rising health care costs, employers are asking their workers to take on a larger share of the expense. Try these tips to save on health care expenses:

- Buy generic/store-brand drugs.
- Look for free and low-cost clinics.
- Find out if discounts are available when you pay with cash.
- Monitor insurance claims to make sure you're not getting stuck with the bill.

Clothing and services

Many people change their wardrobe with the latest fashion trends. Others simply refuse to wear the same outfits twice. Try these tips for limiting your clothing expenses:

- Inventory your wardrobe and buy pieces that work with what you already own.
- Avoid dry-clean-only clothing.
- Make hair appointments at beauty schools, rather than full-priced salons.
- Drop your health club and form a walking or jogging group with friends.
- Ask friends and relatives for hand-me-downs.
- Check out consignment and thrift stores for slightly used items.

ABOUT ACCC: American Consumer Credit Counseling (ACCC) is a non-profit 501 (c)(3) organization dedicated to empowering consumers to regain control of their lives through education, counseling and debt management. ACCC provides individuals with the practical solutions for solving financial problems and recognizes that consumers' financial difficulties are often not the result of poor spending habits, but more frequently, from extenuating circumstances beyond their control. As one of the nation's leading providers in consumer financial education and credit counseling services, ACCC works with consumers to help them with the best plan of action to reduce their debt and regain financial stability. For more information or to access free financial education resources log on to www.consumercredit.com.