



## Creative Ways to Reduce Spending

Whether the country is in a recession or not, rising prices are certainly making it harder for people to live within their means. It may take a little more creative thinking to find ways to keep expenses under control. Sometimes it's the little amounts we save here and there that add up to the difference we are looking for.

Here are a few ways to make cuts in spending that could add up to \$100 or more in savings. We hope they will motivate you to spend a little time finding other ways you can trim down costs. A few hours spent brainstorming ways to save is time well spent.

### 1. Water Is a Perfect Drink

Have you convinced yourself that you have to have flavor in your drink? While drinking nothing but "cool, clear water" right from your kitchen tap would be the ideal way to save the most money, that's probably not

going to happen. But if you reduce the amount of flavored drinks you consume, it can save you quite a bit of money over a year.

Try making a point of drinking three glasses of water a day. It will reduce the need to drink as many purchased drinks by making you feel less thirsty during the day. If you can reduce the amount of purchased drinks that cost \$1 by just three drinks a week, you have saved more than \$150 a year. Plus, if you're used to running to the convenience store when you need a soda, you'll save on gas as well.

### 2. Compare, Compare, Compare

This one takes a little time but when you have a few extra minutes a day but not a few extra dollars, the time spent is worth it. The Internet has helped people a lot when shopping for the best prices on things like auto insurance and interest rates. But you

can also use it for everyday items. There are many sites that have done the price research for you and display it in a comparison chart. This can be especially helpful if you have over-the-counter needs like allergy medicines or other medical supplies. You can often get free shipping on your purchases if you spend \$25 or more so you save on gas as well and the time you save going to the store makes up for the time you spend doing the research. Once you find the sites you like, your weekly time spent researching quickly reduces. If you don't have the Internet at home, make a visit to your local library.

### 3. Check Out the Coupons

Many people don't want to spend the time it takes to gather and organize coupons, but it only takes a short time to check out the ones that come in the newspaper or in the mail, and the truth is you only have to use \$2 a week in coupons to save more than \$100 a year. Make sure you only save the coupons for items you already use and will purchase again. Don't be tempted by coupons for things you don't need. And don't forget about coupons for things that go beyond the grocery store, for example, pizza, oil change, and haircuts. You'll soon become a pro and it won't take much time at all to save a lot for little effort.

### 4. Cheap Treats

Just because you're trying to spend less money doesn't mean your need for a treat now and then is going to go away. Besides, a little treat is a great morale booster. You don't want to

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### Dangers of “Buying Now, Paying Later!”

What is one of the number one reasons for bankruptcy, stress, divorce, loss of property and unnecessary financial pressure in your life? It's DEBT! Our immediate gratification culture of “Buy Now – Pay Later” and easy access to credit is coming back to haunt us!

Great marketing tempts us to use credit everywhere these days, and ours is a culture of “I want it now so... buy now, pay later.” This popular belief that living beyond one's means is a normal lifestyle is simply NOT true. A normal, healthy financial situation does not include buying anything you want on credit and just “paying later.” In fact, you should avoid using credit as much as possible, or altogether. Just what are healthy finances?

Proof of how dangerous it is to “buy now, pay later” is all around us. The Enron and WorldCom disasters early in the 21st century show how poor credit policies can bring on loan defaults and bankruptcies. Failed savings and loan institutions and the resulting \$500 billion bailout placed our country in severe financial danger.

The credit and mortgage crisis of 2007 showed how relaxed qualifications and over extending credit not only affected thousands of families but severely damaged the economy. No one is immune to debt—governments, big business, families and individuals are all hurt when they abuse it, and loan defaults and bankruptcies are rocketing!

#### More About Consumer Credit!

After World War II, greater availability of consumer credit drastically increased the number of Americans in debt. Marketing experts introduced three new credit strategies

still enslaving American consumers today:

**1. The Easy Payment Plan.** This credit strategy was to advertise a low monthly payment instead of the total cost of merchandise. Consumers were persuaded to shift from saving to pay cash for things, to only looking at how much the payments would be. It worked like a charm!

**2. Long-Term Mortgages.** Long-term G.I. housing loans were offered to veterans returning from the war.

Soon long-term mortgages became the standard of home finance. 30-year mortgages became the rule. Long-term car loans soon followed; many are 6 years—the sky's the limit!

**3. Credit Cards, Bank Guarantees, and Lines of Credit.** Since no collateral was required, credit became easy for Americans to obtain. The high interest rates and fees charged made the lending companies rich. It became very easy for consumers to buy almost anything on credit.

Easy credit has also changed the way people think about and spend money. Studies show that people spend more money when they use credit vs. cash. Many consumers now consider

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### Safety Tips for Your Credit and Debit Cards

- Report lost or stolen cards immediately.
- Sign the signature panel on the back of the card as soon as you receive it.
- Never let your cards out of your possession or control.
- Did you know that a large number of credit card thefts are from car glove compartments? Never leave yours in there.
- Don't let anyone else use your cards, not even your family or friends.
- Memorize your PIN (Personal Identification Number). Pick something you can associate the number with to help you remember it so you don't have to write it down, but avoid picking a number that would be easy for someone to guess, e.g., your name, telephone number, or birthday.
- Don't tell anyone else your PIN. There is no one else who needs to know it, not even your bank, the police, or a merchant.
- Make sure the cashier or sales associate returns your card to you after every purchase.
- Always check the sales receipt to make sure that it is for the correct amount before you sign it.
- Keep copies of your receipts, including ATM (Automated Teller Machine) receipts, then check your billing statement to make sure the amounts match. If there are any charges that you did not make, notify your bank or credit card company immediately.
- Read your credit card agreement and billing statements carefully for the policies regarding dispute notification requirements. You may be required to send any dispute in writing to have it resolved.
- Only provide personal identification when requested by a cashier or sales associate. Don't give your information out voluntarily. ■

# Creditors Seeking Federal Benefits in Your Bank Account? Understanding Your Rights (May 2009 FTC Consumer Alert)

If you receive federal benefits and have an unpaid debt, a creditor or the debt collector it hires may get a court order to try to take money from your bank account to pay the debt. The court order is called a garnishment. What's important to know is that federal benefits ordinarily are exempt from garnishment. That means you should be able to protect your federal funds from being taken by your creditors, although you might have to go to court to do so.

## What federal benefits are ordinarily exempt from garnishment?

The Federal Trade Commission (FTC), the nation's consumer protection agency, has suggestions on how to protect your federal benefits from gar-

nishment. The federal benefits that are exempt from garnishment include:

- Social Security Benefits
- Supplemental Security Income (SSI) Benefits
- Veterans' Benefits
- Civil Service and Federal Retirement and Disability Benefits
- Military Annuities and Survivors' Benefits
- Student Assistance
- Railroad Retirement Benefits
- Merchant Seamen Wages
- Longshoremen's and Harbor Workers' Death and Disability Benefits

- Foreign Service Retirement and Disability Benefits
- Compensation for Injury, Death, or Detention of Employees of U.S. Contractors Outside the U.S.
- Federal Emergency Management Agency Federal Disaster Assistance.

However, there are some situations where these funds are not protected and may be garnished. For example, some of these federal benefits may be used to pay delinquent federal taxes or student loans. Others, such as Social Security benefits, may be deducted before you receive them to pay child support or alimony.

The law varies from state to state as to what types of state benefits are subject to and exempt from garnishment. For more information, you should contact an attorney who practices in your state, your state or local consumer protection agency, or a legal aid office in your area. ■

## Having Trouble Sticking to a Budget?

What comes to your mind when you say the word budget? Do you see cheap motels, no eating out, and other unpleasant restrictions? Often the word budget leaves a negative impression. But try thinking of a budget more as a spending plan. A spending plan is a very positive concept and a powerful tool.

A spending plan allows you to prepare, so you can enjoy the things you want while staying within your means. So when you spend money going to the movies, or on a date, you know you won't be spending more than you should – which is liberating instead of restrictive.

People who are in control of their finances are people who can account for their money. They plan ahead for needed cash and reserve money for planned and unplanned expenses. The sad truth is that most families live paycheck to paycheck with no

spending plan, no monthly accountability, no savings plan, and no idea of how or when they are going to get out of debt.

Until your plans and goals are expressed in a written spending plan and your monthly income and expenditures are accurately recorded, you will be unlikely to achieve your financial goals. The longer you procrastinate developing a practical, working spending plan, the longer you deny yourself the peace of mind that comes with being in control of your finances.

A good spending plan depends on thorough planning and understand-

ing your individual needs. Start by evaluating your personal and family financial records so you know how much you have been spending and where you have been spending it. Determine your total income and total expenses. If your income exceeds your expenses, great – but you can still improve your financial stability and reduce debt quickly through an effective spending plan.

If your expenses exceed your income, you can develop a spending plan that will separate “wants” from “needs.” You will need to develop good money management habits by planning and putting forth a great deal of effort, but in the end you'll be on the path to financial freedom. ■

**TIP: One of the biggest drains on a budget is “nickel and dime” spending. If you don't know how much you spend on the “little things,” put a set amount of money in an envelope for miscellaneous spending. Only make small purchases out of this envelope until the money is gone.**



# ARTICLES

## TIPS & TRICKS

### Dangers of “Buying Now, Paying Later!” *(Continued from page 2)*

available credit just like cash in the bank. Credit has turned the majority of individuals and families in America into debtors—with all its pressure and burdens.

It's ALL about Interest! People who understand interest—EARN it, people who don't—PAY it. You're not only buying things you can't afford now but you're paying much more than the sticker price. When you buy on credit you pay your creditor compound interest. According to Albert Einstein, “Compound interest is the greatest invention known to man.” But it's only great if you're on the receiving end, NOT paying it!

Be the exception! Don't buy into the mindset that consumer lines of credit and debt are part of healthy finance. They're NOT. Carefully man-

aged credit is a powerful and useful tool. When used wisely, credit can be very effective in building businesses, establishing credit, and even building wealth. But unmanaged credit quickly becomes out-of-control debt. When it reaches this point it often becomes harmful and even devastating. If you don't have the cash, ask yourself do you really need it and is it really worth it. Keep your emotions in check and resist the powerful marketing and sales messages designed to entice you into buying now and paying later.

It can seem impossible to eliminate debt from your life, but you have the power within you to make the necessary financial changes, and establish new habits based on proven, successful money management fundamentals. Then you can not only pay off your debt, but you'll be able to

The advances in washing machines and detergents mean that only the dirtiest and greasiest clothes now need hot water to get clean. Setting your washing machine to a cold wash/cold rinse cycle instead of hot wash/cold rinse will have little impact on how clean your clothes get, but it will save you as much as \$100 to \$150 a year. It can be even more than that if you have children. ■

Budgeting your family finances when you are having financial difficulties can be hard. It can be even harder to follow a budget once you have one. The counselors at FFEF are trained to help you get on track and create a personalized financial plan that works for you. Our budget planning programs and credit counseling are available to everyone. Call today for more information.

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### Creative Ways to Reduce Spending *(Continued from page 1)*

spend a lot of time in the recession doldrums. Look around for ways to enjoy a treat—on a budget. For example, an ice cream cone at the fast-food window is a lot cheaper than at the ice cream specialty store. Grocery stores often put candy bars on at special prices. If you're careful, you'll never have to pay more than 33¢ for a candy bar if you only buy them when they're 3 for a \$1.00. Merchants are feeling the economic pinch as well so keep your eyes out for the good deals and if you have budgeted carefully, you'll be ready to take advantage of the savings.

#### 5. Cold Water Cleans as Well as Hot Water

Contrary to what some people think, it is no longer necessary to wash everything in hot water to really get it clean. Soap and detergent do the sterilizing for us that could only be achieved by hot water in days gone by. Unfortunately, many people don't realize that and continue to spend unnecessary money on heating hot water for their washing machine. The biggest cost of running a washing machine is heating the water—up to 90% of the cost. ■



### Business Hours!

Monday-Friday: 7:00 a.m.-7:00 p.m.

Saturday: 8:00 a.m.-12:00 noon

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