

Ways to Save Money

- **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**

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.

- **Auto Insurances**

1. You can save several hundred dollars a year by purchasing auto insurance from a low price, licensed 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. (Make sure that you are getting quotes on identical coverage. It is very important to compare apples to apples.)
2. Talk to your agent or insurer about raising your deductibles on collision and comprehensive coverage to at least \$ 500 or, if you have an old car, dropping these coverage 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 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.

- **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.

- **Saving and Investment Products**

1. Before opening a saving 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, is not insured.
2. To earn the highest return on savings (annual percentage yield) with little or no risk, consider certificates of deposits (CDs) and treasury bills or notes.
3. Once you select a type of saving 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 of 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 charged 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 (APR's), 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 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**

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 up front 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 points, closing costs, other fees and the index for any variable rate changes.

- **Home Purchase**

1. Affordable Housing Resources, Inc. can pre-qualify you and let you know how much house you can afford.
2. You can often negotiate a lower sale price by employ 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.
3. Remember that your real estate agent is working for a commission and wants to sell you a house. You are a paycheck to them.
4. 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 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 probable 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.

- **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**

A home energy audit can identify ways to save up to hundreds of dollars a year on home heat (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**

Long distance calls made during evenings, at night, or on weekends can cost significantly less than weekday calls, if you make more than a few long distance calls each month.