

Ways to Stretch Your Money

Overview

Ways to stretch your budget and cut costs when you are living on one income.

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There are hundreds of ways to stretch your budget when money is tight, from cutting back on luxuries like eating in restaurants to shopping for bargains. Below are tips and reminders to help you do that.

Ways to save on food

- *Buy in bulk.* Buying non-perishables in bulk is usually more cost-effective than purchasing goods in smaller amounts. But always check the unit price of items when you shop. Buying in bulk also helps you cut down on shopping trips.
- *Stock up on sale items that you use frequently.* Check the use-by dates to make sure there will be enough time before they expire.
- *Freeze foods such as meat and chicken in meal-size portions and thaw as needed.* If you don't have room to store the foods you buy in bulk, split the purchase with a friend or neighbor.
- *Buy bread products in a bakery thrift store or from the second day basket at regular bakeries.* Store extras in your freezer.
- *Grocery shop with a calculator to stay within your spending limit and to compare unit prices.*
- *Plan your menus around grocery fliers and supermarket sale items.* Shop from a list and stick to it.
- *Clip coupons to save on groceries.* But be sure to avoid buying higher-priced or unnecessary items.
- *Join and shop at a food co-op.*
- *Avoid convenience foods.* Frozen dinners and prepackaged meals tend to cost more than the same meal prepared from scratch. If you don't have time to cook during the week, prepare several meals ahead of time and freeze individual portions.
- *Don't buy individually wrapped snacks.* These may be the perfect size for lunch bags, but you'll pay for the convenience. Instead, pack reusable containers with vegetable sticks, popcorn, pretzels, or other snacks you can buy in full-size bags.
- *Bring lunches, snacks, and drinks from home rather than buying from vendors or machines when you are out.* Pack a cooler with sandwiches and snacks for your family when you are traveling or on day trips. This will help you avoid the urge to buy fast food.
- *Reuse drink bottles.* Fill these with water or juice for drinks on the go.

- *Cook a meatless meal at least once a week.* Look in vegetarian cookbooks or on the Internet for recipes for meat alternatives, such as bean and rice entrées, pasta dishes, or hearty vegetable soups. Entrées made with meatless protein such as lentils or beans are economical and good for your health, too.

Ways to save on phone, heat, water, and electricity

- *Eliminate extra phone services, such as call waiting and call answering.* Use an answering machine to take messages. It's less expensive than using voicemail services through the phone company.
- *Avoid using directory assistance.* Use the Yellow Pages or free Internet directory-assistance services, such as *www.switchboard.com*.
- *Find the best calling plan for you.* Call your long-distance carrier and ask whether you are on their least expensive plan for someone with your calling pattern. If you're not satisfied, shop around.
- *Use your cell phone for long-distance calls during off-peak hours.* If you have a cell phone, choose a plan that allows you to make long-distance calls for free or at an economical rate during off-peak hours (usually nights and weekends). If you don't use your land line a lot, consider getting rid of it altogether and using your cell phone exclusively.
- *Investigate bundling.* You may save money on your phone bill by bundling long-distance and local plans with the same carrier.
- *Use a computer-based phone service.* Voice Over Internet Protocol (VOIP) phone service like Vonage (*www.vonage.com*) or Skype (*www.skype.com*) can save you money on long-distance phone calls, especially for overseas calling.
- *Use a dial-up Internet connection, rather than DSL or cable, which are more expensive.*
- *Cancel premium cable services for your TV.*
- *Use your oven efficiently.* Oven cooking uses less energy than stovetop cooking. Heat several dishes in the oven at once. A toaster oven, microwave, electric skillet, or slow cooker use less energy than a conventional oven. Grill outdoors in the summer if possible.
- *Cover pots.* Water boils more quickly when covered.
- *Replace incandescent bulbs with compact fluorescent lights (CFLs).* When used properly, CFLs last up to 10 times longer than incandescent bulbs. They also use about one-fourth the energy and produce 90 percent less heat while producing more light per watt. By changing over the bulbs in just five of your most frequently used lights, you could save \$40 per year in electricity bills.
- *Turn down your water heater thermostat to 120 degrees Fahrenheit.*

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- *Turn your thermostat down when you leave the house for the day.* If you often forget to do this, consider getting a programmable thermostat. You just have to program it once with the hours you typically go to bed, wake up, leave the house, and come home. Then it will automatically turn the heat up and down accordingly.
- *Seal leaky ducts.* As much as 40 percent of heating or cooling can be lost through leaky ducts.
- *Caulk and weather-strip windows and doors and other cracks and openings to the outside.*
- *If you can feel a draft from your windows, cover them with plastic during the winter as added insulation.*
- *Insulate your attic.* The U.S. Department of Energy recommends having at least seven inches of fiberglass or rock wool insulation, or six inches of cellulose in your attic to trap warm air in the winter and keep cooler air from escaping during warmer months.
- *Ask your energy provider if they offer a free energy audit.* Some companies will come to your home and tell you how you can save energy and money by making small changes. In some cases they will even provide free thermostats, insulating materials, and compact fluorescent light bulbs.
- *Use the correct size air conditioner.* A window unit that is too big for the room shuts off and on more frequently, using more energy than a smaller, properly sized unit that runs uninterrupted for longer periods of time.
- *Switch off lights and the television when you leave the room.* Ask everyone you live with -- including your children -- to make this a habit.
- *Conserve water.* Don't leave the water running when washing dishes by hand or when brushing your teeth.

Ways to save on clothing

- *Trade hand-me-downs with other families.* Plan to meet regularly to exchange outgrown clothes.
- *Buy clothes at thrift stores and yard sales.* First assess your clothing needs to be sure you buy only what you need. Check garments thoroughly to make sure they are in good repair. Test seams to make sure they are sturdy.
- *Choose classic styles.* Trendy clothing goes out of fashion quickly, leaving you with an outdated wardrobe.
- *Go to end-of-season sales.* Buy items in a larger size if purchasing clothing for growing children.

- *Check the label.* Avoid dry-clean-only clothing. Choose machine-washable clothes or clothes you can wash by hand.
- *Practice “a stitch in time.”* Repair rips and tears right away and spot-clean spills immediately before stains set.

Ways to save on gifts and entertainment

- *Think ahead about gifts you will need to buy this year.* With plenty of notice, you will have time to be creative and make your own presents, or buy them when they are on sale.
- *Buy children’s toys, bicycles, and sporting equipment second-hand.* Many communities have sporting-goods swaps where you can buy items inexpensively, and unload equipment your family has outgrown.
- *Send homemade cards.* Make them yourself or put your children to work creating birthday and holiday cards for relatives and friends.
- *Encourage family members to buy group gifts.* Have everyone chip in for big-ticket items or gifts.
- *Give a personalized picture frame.* For a thoughtful, inexpensive present, buy a wooden frame and decorate it.
- *Grow plants from cuttings.* These make terrific gifts when planted in inexpensive pots that you decorate yourself.
- *Hold neighborhood potluck dinners where everybody contributes a dish* instead of providing all the food and beverages yourself.
- *Check newspaper listings for free or low-cost events.*
- *Borrow discount or free passes to museums and other attractions from your local library.*
- *Visit your library to borrow videos, CDs, and DVDs.* Some libraries even allow patrons to borrow toys and games.
- *Go camping.* Campgrounds are a low-cost alternative to other lodging. If you don’t own camping equipment, borrow a tent and sleeping bags from friends or neighbors.
- *Go to matinees.* Afternoon movies and theater performances are almost always cheaper than evening shows.
- *Buy discounted movie tickets.* If you belong to AAA, you can purchase movie vouchers that will save you as much as \$3 per ticket. AAA also offers discounted passes to attractions and events. Visit www.aaa.com for information.
- *Buy airline tickets online.* Sites such as Orbitz (www.orbitz.com), Travelocity (www.travelocity.com), and Expedia (www.expedia.com) allow you to compare

airfares easily. If you're flexible, book your vacation plans through a site that offers last-minute deals at deep discounts, such as Hot Wire (www.hotwire.com), or Priceline (www.priceline.com). Many airlines offer last-minute discounts. You can sign up to receive e-mails of their sale fares Use Farecast (www.farecast.com) or set up a "fare tracker" on your computer to keep an eye out for low fares to your favorite destinations.

- *Scale back vacation plans.* Consider a camping trip or an off-season trip when rates are lower.
- *Suggest to friends and relatives that you get together in ways that don't cost a lot of money.* Rather than going out, you might get together for game nights, potluck dinners, or to watch special sports events.

Ways to save on transportation

- *Use public transportation when possible.*
- *Carpool to save time and money.*
- *Walk or ride your bike to work to save on gas.*
- *Get regular car tune-ups.* Proper maintenance improves gas mileage. So does keeping your tires properly inflated.
- *Consider carefully whether to lease or to buy a car.* Leasing gives you access to a car with little or no money down. Leasing may be right for someone who drives little, doesn't expect to hold onto the car for more than three years, and keeps a vehicle in good condition. For others, leasing may hold unexpected costs. Dealers typically charge between 10 and 20 cents for every mile driven over the maximum allowed over the life of the lease. (Most lease contracts limit mileage to 12,000 per year.) Dealers also assess a surcharge for excessive wear and tear if the vehicle is returned with dings, scratches, or a heavily used interior. If you have a long commute or otherwise do a lot of driving, or if children ride frequently in the car, leasing is probably not for you.
- *Buy a used car rather than a new one* You can buy a two- or three-year-old car for about 30 percent less than you would pay for a new one, according to *Consumer Reports*. Some rental car companies sell used cars as they update their fleets. A used vehicle also costs less than a new one to insure. However, financing charges are typically higher for a used car than a new one.
- *Look for discounts on a new vehicle.* Wholesale clubs like BJ's or Costco have preferential car rates with certain dealers. If you are not already a member, the discount could save you well over the amount of the annual fee to join the wholesale club.
- *Choose a hybrid or other fuel-efficient vehicle.* When buying a new or used car, select one with the best fuel economy. The United States Environmental Protection

Agency's Green Vehicle Guide lists emissions and fuel efficiency by vehicle class, model, and year. You can find the guide at www.epa.gov/greenvehicles.

- *Give up one of your cars.* If your family owns two cars, cut back to one. The cost of keeping a vehicle on the road can be significant with insurance, registration fees, and annual taxes, not to mention fuel and maintenance costs. You may find that with carpooling, public transportation, and alternative transportation -- such as bicycling -- you won't miss the second car.
- *Shop around for insurance.* Prices vary among companies. Get at least three price quotes. You can also compare rates online with sites like www.netquote.com and www.kanetix.com.
- *Reevaluate your car insurance policy annually.* Life changes can influence what you pay for insurance. Children growing up and moving away from home, a shorter commute, or a move to a different neighborhood can all help lower costs.
- *Ask for a higher deductible when insuring your car.* Increasing your deductible from \$200 to \$500 could reduce your collision and comprehensive costs by 15 to 30 percent, according to the Insurance Information Institute.
- *Inquire about discounts.* Your insurer may offer a discount if you have a good driving record, there are anti-theft or safety devices in your car, if you drive less than a certain number of miles yearly, or if you have more than one car insured with the company. Take your college-age children off your policy while they are away at school, but remember to add them back on when they are at home and driving.

Everyday money-saving tips

- *Have a family discussion about reducing expenses.* Talk about ways everyone can help.
- *Get low-priced haircuts at a local beauty school or barber college.* Check your Yellow Pages for one near you.
- *Give time to your faith community or your child's school if you cannot afford to make a cash donation.* Donating your time will be just as valued as a gift of money.
- *Remember that you don't have to buy big-purchase items like furniture new.* You can find bargains in the classified ads in your local newspaper. Also, tell family and friends. They may know someone who is ready to part with the item you're looking for.
- *Comparison shop to find the best prices.* Use the Internet to find the best prices on purchases, either by going to retailers' Web sites, or by using online price comparison services such as Froogle (www.froogle.com), PriceGrabber (www.pricegrabber.com) or BizRate (www.bizrate.com).

- *Check classified ads in the newspaper or online for used or free items.* Craig's List (www.craigslist.com) operates in most U.S. cities. Freecycle (www.freecycle.org) lists local user groups you can join to give away or receive free things.
- *Buy store brands.* These are often less expensive than name-brand products.
- *Trade or barter.* Instead of paying cash for services or goods, work out a trade. Child care for piano lessons? Garden-fresh vegetables for an oil change? The possibilities are endless.
- *Do minor home repairs yourself.* Borrow a book on home repair from your local library.
- *Do your research.* Before you buy a big-ticket item, consult a publication like *Consumer Reports* to make sure you're getting the best deal. You can find consumer publications in your public library and online.

Ways to bring in some extra cash

- *Sell clothes and other unwanted items through a consignment shop.*
- *Hold an annual yard sale to clear out unwanted items.*
- *Get crafty.* Make crafts from inexpensive materials and sell these at your yard sale.
- *Be sure to return cans and bottles for the deposit refund.*
- *Sell your paperbacks, electronic games, CDs, videos, and DVDs.* Once or twice a year, gather the books you and family members have read and bring them to a used-book store or auction them off on Ebay. Many record and game stores also buy and sell used electronic games, CDs, videos, and DVDs.

As you incorporate money-saving steps into your everyday spending habits, living a more frugal lifestyle will begin to feel routine. And you will have the satisfaction of knowing you are getting the most from your dollars.

Written with the help of Amanda Cobb, B.A., Brown University. Ms. Cobb has worked in the travel and financial services industries. She spent 20 years in the travel industry as a manager and senior consultant in both group and independent travel.