

Beware The Money Wasters

Chicago Tribune Media Services - August 9, 2009 - Nearly everyone has spending holes, that is, leaks in your budget that drain money with you hardly noticing.

Here are 20 common ones:

1. Buying New Instead Of Used

Cars lose most of their value in the first few years, meaning thousands of dollars down the drain. However, cars that are less than 5 years old can be a real value because you can get solid transportation for a fraction of the new-car price. And you'll pay less in insurance and taxes too.

Also consider pre-owned books, toys, exercise equipment and furniture.

2. Carrying A Credit Card Balance

If you have a \$1,000 balance on a card charging 18 percent, you blow \$180 every year on interest.

3. Buying On Impulse

Resist the urge to make an impulse purchase by giving yourself a cool-off period. Go home and sleep on the decision. If you still want to make the purchase a day or so later, comparison shop, check your budget and go for it.

4. Paying To Use An ATM

If you frequent ATMs outside your bank's network, surcharges can add up. Use ATMs in a surcharge-free network such as Allpoint or Money Pass.

5. Dining Out Frequently

Cook, pack your lunch and brew coffee at home, and you could save a couple hundred bucks each month.

6. Letting Your Money Wallow

Put your savings in a high-interest online savings account and get paid to save. You can even get an interest-bearing checking account through such companies as EverBank, Charles Schwab, E-Trade and ING Direct.

7. Paying An Upfront Fee For A Mutual Fund

Selecting no-load funds can save you more than 5 percent in sales charges.

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8. Paying Too Much In Taxes On Investments

Are you investing in a tax-sheltered 401(k) or Roth IRA? Max out those accounts before you invest in a taxable one.

9. Buying Brand Name Instead Of Generic

From groceries to clothing to prescription drugs, choose the off-brand over the fancy label.

10. Wasting Electricity

Of the total energy used to run home electronics, 40 percent is consumed when the appliances are turned off. Appliances with a clock or that operate by remote are typical culprits. The obvious way to pull the plug on your energy vampires is to do just that. Pull the plug!!!

11. Paying Banking Fees

Overdraw your checking account and you'll pay \$20 to \$30 a pop, so keep tabs on your balance. Plus, are you still paying for a checking account? Free deals abound.

12. Buying Things You Don't Use

How many times have you seen something on sale and thought you couldn't pass it up? Even if something is 50 percent off, you're spending too much if you don't use it.

13. Owning An Extra Car

OK, so a car is a necessity for most people. But cars are a huge drain, from loan payments to insurance fees to gas and maintenance. Own more than one car and you'll double or triple those expenses.

14. Ignoring Your Local Dollar Store

If you know what to buy, you can find some real bargains: greeting cards, cleaning supplies, small kitchen tools, shampoos and soaps, holiday decorations, gift wrap and balloon bouquets.

15. Keeping Unhealthy Habits

Smoking is not only bad for your health, it burns up your cash. A pack-a-day habit at \$6 each costs \$180 a month and \$2,190 a year. A junk food or tanning bed habit can be costly as well!

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16. Being Complacent About Insurance

When was the last time you shopped around to determine whether you're getting the best deal? For instance, upping your deductible to \$1,000 from \$250 can save you 15 percent or more on your car insurance.

Consider using the same insurer for home and auto coverage, and you need life insurance only if someone is financially dependent upon you.

17. Giving Uncle Sam An Interest-Free Loan

If you get a tax refund each April, you let the government take too much money in taxes all year long. Get that money back in your pocket by adjusting your withholding. You can file a new Form W-4 with your employer at any time.

18. Paying For Something You Can Get For Free

- Dust off your library card and check out books, music and movies for free (or dirt-cheap)
- Don't pay to receive your credit report when you're allowed to get it at no charge by law – see: www.annualcreditreport.com
- Dial 800-FREE-411 for free directory assistance.

19. Not Using A Flexible-Spending Account

Your employer may allow you to set aside pretax dollars to pay for medical costs not covered by insurance, such as, therapy, contact lenses, insurance co-payments and over the counter drugs.

20. Paying For Unnecessary Services

How many cable channels can a person watch? Do you really need all those extra features for your cell phone? Are you getting your money's worth out of that gym membership? Trim accordingly.

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