



NATIONAL ENDOWMENT FOR
FINANCIAL EDUCATION

**MONTHLY EXPENSES MAY OFFER
HIDDEN OPPORTUNITIES TO SAVE MONEY**
Follow These Recommendations to Trim Recurring Bills

ENGLEWOOD, COLORADO—Spring cleaning isn't only about vacuuming, dusting and cleaning out the garage. Consider using this season of new beginnings to tidy up your spending habits, as well. One way to cut costs and increase savings is by evaluating monthly expenses such as your utility, cable and telephone bills. Though often considered "fixed costs," there may be hidden or unnecessary expenses within these routine payments.

"Many individuals are paying for monthly services that are unused or underused," says William L. Anthes, Ph.D., president and CEO of the National Endowment for Financial Education® (NEFE®). NEFE is a Colorado-based nonprofit foundation dedicated to helping Americans achieve financial well-being. Anthes says, "While these services may appear to cost only a small or moderate amount of money each month, they can add up to significant payments over the course of a year."

The first step to saving on monthly bills is to clearly identify where you spend the money you earn. Over the course of a month, write down your expenses. Don't leave anything out—you may be surprised to find where unnecessary costs are hiding. As you evaluate your expenditures, consider areas where you might be able to trim each bill.

To help you reduce your recurring expenses, Anthes offers the following ten tips.

- 1. Avoid unused subscriptions**—Are you subscribing to magazines that you just can't seem to find the time to read? Maybe you belong to a movie-rental club where you're paying a monthly fee but aren't always watching the films. Anthes says, "Instead of paying for subscriptions, check out the free resources at your local library. You can use the library to read periodicals or check out videos, audiotapes, books and CDs, which will help lower your monthly expenses and may cut down on your family's entertainment costs altogether." As another option, consider taking part in a magazine or movie swap with friends once a month.
- 2. Manage your memberships**—Be realistic about your memberships, especially those to athletic clubs. If you pay \$50 a month for a gym membership you use occasionally, you may not be getting your money's worth. If your athletic club allows individuals to pay per visit, as opposed to paying a monthly membership fee,

consider this option instead. You also might want to think about other inexpensive ways to stay in shape such as coordinating a walking group or purchasing a workout video that you can do at home. By cutting your \$50-a-month unused gym membership, you could save yourself up to \$600 per year.

- 3. Turn off your television**—Subscribing to premium cable channels can be a costly expenditure. If you are paying for channels you rarely or never watch, ask your cable company for a basic, less-expensive service.

If you find you're not using the basic cable channels very much, either, consider dropping the service completely. "One method to help you determine if you're getting your money's worth when it comes to television is to record how much time you spend watching cable channels each day," Anthes says. "Calculate approximately how much time that would be per month. Divide the amount of your monthly bill by that number. The final figure tells you how much each hour of cable television viewing is costing you."

- 4. Trim your heating bill**—Turn down your heat in the winter and your air conditioning in the summer, especially during the day if your house is empty. Also, check your water heater setting. According to the Web site of the U.S. Department of Energy, Energy Efficiency and Renewable Resources, for every 10 degrees you reduce your water temperature setting, you will save 3 percent to 5 percent on your bill. The department recommends lowering the setting from 140 degrees—where most manufacturers set the temperature—to 120 degrees for maximum savings. Finally, don't let other household appliances, such as your computer, television or radio, drain your bank account. Simply turn them off when they are not in use to save energy and money.
- 5. Find the best telephone plan**—If you use a cellular phone, spend some time searching for the most appropriate plan for you. Don't pay for features or cell phone minutes you simply don't use. If, on the other hand, you find you are using more minutes than your plan provides and paying expensive penalty fees, consider changing to a plan that allows you more flexibility. Anthes says, "While you might increase the base amount of your monthly bill, you probably will save more by cutting out charges for overusing your plan." Similarly, take a look at your long-distance plan for your home telephone. Pay for just the services you use. If you are paying for a plan at home, but only make long-distance calls from your cell phone, drop your home plan.
- 6. Cut recurring medical costs**—Does your health-care plan allow you to order prescriptions through the mail instead of purchasing them at local pharmacies? Taking advantage of this option could cut the annual expense of your prescriptions substantially, as some health plans give you multiple months' worth of your

medication through the mail for the same price you would pay to receive one month's worth at a pharmacy.

7. **Avoid monthly banking fees**—If you are paying a monthly fee for your checking account, you might want to consider shopping around for a bank that doesn't charge you for this service. Similarly, look for credit cards that have no annual fee.
8. **Take advantage of discounts**—You might be able to trim your recurring bills by asking for available discounts. For example, car insurance discounts are available for student drivers with good grades and families that have multiple cars insured under the same plan. In addition, you might be able to save money if you pay your car insurance every six months instead of every month. Talk with your insurance agents and plan representatives to make sure you are taking advantage of all available discounts.
9. **Pay your bills on time**—Anthes says, "Perhaps one of the largest savings from monthly expenditures may come from paying your bills on time. By doing so, you'll avoid paying costly and unnecessary late fees. You also will improve your credit rating."
10. **Cut spending leaks**—While the following expenses don't fall under the category of monthly bills, cutting back on how much you spend on items such as dining out and shopping for groceries also can save you money each month. For example, if you make frequent trips to local coffee shops, consider making your daily drink at home. Instead of eating out everyday, take your lunch to work. Finally, when you shop for groceries, be careful of prepackaged and prepared foods. Often you'll save money simply by buying the necessary ingredients and making the item yourself. Also, clip coupons and take advantage of grocery store discount cards. While they might save you only 50 cents on any selected item, using them frequently can make your savings add up.

Although it may take some time, a little diligence and creativity can help you clean up the clutter in your monthly expenses. Anthes says, "Make sure you're using the items you're paying for. Making small changes to augment the monthly services you need and getting rid of those you don't use can save you a tremendous amount of money over a year, and even more over a lifetime."