

THE FINANCIAL FREEDOM SERIES

The **SIMPLE**
60 MINUTE



GUIDE

TO

SAVING MONEY

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A WORD FROM MONTY

When you think about money management, saving is great place to start. And I don't mean just saving a dollar here or there. What I'm talking about is every time you get some money, whether it's your paycheck or a tax refund or a gift, you choose to set aside some of that money for you — saving money for unexpected expenses and for your future goals. All major purchases, such as a car, a home, or the cost of a college education, require large amounts of money. Saving is the key.

This guide is not intended to be a complete resource on saving. Rather, it's meant to be a "booklet" to help you get acquainted with saving. I hope that you'll take this quick tour thru saving and then go on to learn more about the process. There's a lot of information on saving money at your library and on the internet.

Thanks for taking time to read this guide. To your freedom.

Monty

THE IMPORTANCE OF SAVING MONEY

THE STORY OF THE ANT AND THE GRASSHOPPER

You may be thinking that you make enough money to pay all your current expenses, so why should you worry about saving money? Here is a small story, of an ant and a grasshopper, to give you a perspective on the importance of saving.

Throughout summer, the ant works hard, harvesting food for winter while the grasshopper whittles its time away, singing and making merry. The grasshopper pokes fun at the ant and even tries to dissuade it from working. When winter finally arrives, the ant is stocked up with supplies while the grasshopper finds itself dying of hunger. So are you an ant or a grasshopper?

If, like the grasshopper, you are 'living in the present' and not putting money aside for a rainy day, you are setting yourself up for trouble. Benjamin Franklin once said that, *'those who fail to prepare, should prepare to fail'*. If it's true that our present is influenced by our past actions, then it is also true that the future

is determined by what you do now. Here are some more reasons why you should save.

Saving for emergencies

It is said that the best way to predict the future, is to create it. However, the irony is that no matter how hard you try, the future does not always work out the way you want. For example, an accident could lead to an unexpected medical problem that will necessitate a hospital admission. There are many such financial emergencies (car breaks down, job loss) for which you need to prepare for by putting money aside.

An emergency fund is the cash set aside specifically to cover unexpected expenses. Your emergency fund can also come in handy if you ever become unemployed. Ideally, you should have enough emergency funds to last you six months worth of expenses. If you are working in a sector where the layoff rate is higher, then you should save more. As you gain proficiency in

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COULD SAVING INCREASE HAPPINESS?



Saving isn't something you should do once a year or one week out of the year. Saving is a daily habit that pays a lifetime of dividends.

A survey from a national bank found that saving money is one of the best habits people can take to increase happiness. Among those polled with savings accounts, 38 percent of people said they felt extremely or very happy. In comparison, only 29 percent of those without savings accounts felt the same way. Overall, 84 percent of people said saving money makes them feel good — ahead of eating healthy at 74 percent and enjoying work at 68 percent. The more you save, the more likely you are to be happy.

Of those who said they felt extremely or very happy, 34 percent had less than \$20,000 in savings, while 42 percent had \$20,000 to \$100,000 in savings. Furthermore, 57 percent who felt happy had \$100,000 or more in savings.

The connection between the size of your savings account and your level of happiness may seem obvious. But here's something that may surprise you: saving money may actually affects happiness more than how much you earn!

DID YOU KNOW?

UNPLANNED EXPENSES



In case you didn't notice, life is full of surprises. If you don't have a savings cushion, these surprises can quickly turn into emergencies that lead to additional debt and a vicious cycle of never getting ahead. Nobody accidentally gets into debt. It's usually the result of poor planning.

budgeting, you may start creating emergency funds for many kinds of emergencies. Note that emergency funds should be deposited in an account which you can access on short notice.

Saving for retirement

Oscar Wilde once said that when he was young he thought, the important thing in life was money, and now that he had become old, he knew it to be

true! There will always be people who say that we should not prioritize money or that the best things in life are free, but try explaining that to an old person trying to get by without any savings.

According to a survey by Bankrate.com, a third of U.S. citizens don't have any retirement savings. This means they aren't preparing for a day when they'll need to live off their savings. Social security and other benefits can only go so far.



PEACE OF MIND

Saving money can be an important part of just enjoying life. Taking a trip to Disney World is a lot more enjoyable when you know that you have paid for the trip with money from savings, as opposed to using credit cards and having to pay for the trip for years to come. What's even better, is that you don't need to rely on anyone else to help you – not your parents, not the bank. No one.

The security of independence is priceless. Knowing that you can do things on your own is extremely liberating and empowering.

If you don't want to keep working until a late age, a prospect that many people are facing now, then you have to start saving money. The quicker you start, the less you have to save in future. After some years, your money will start working for you thru the benefit of compounding.

Saving for a home

If you're planning to buy a house in the future, making a significant down payment with your savings may give you leverage when you negotiate the interest rate.

Note that the interest is not the only cost that you have to bear. Other costs are taxes, homeowner's insurance, title, escrow fees, loan origination fees and many other small fees, which when taken together can add up to a considerable amount. You may want to pay some or all the closing costs from your savings rather than let the mortgage cover it.

On the contrary, if you are not able to put up enough money to pay the closing costs on your own, maybe you are not ready to buy a house yet. A rule of thumb is that your mortgage should be such that the total monthly out-of-pocket expense should not be more than 30 percent of your monthly salary. All of this will require planning and prior savings.

Saving for your children's education

There is no greater gift than the gift of knowledge. Every parent wants to give his or her child a good education, but university and college fees can be steep. For many parents, their children's education is one of the biggest expenses that they have to bear. So it makes sense to start saving money for this expense early.

How much money you have to save will depend on which type of school you plan to send your child to - private or public and then whether they want to go to a college or university.

You might think that a student loan will pay for your child's college expense and therefore you don't have to save. However, did you know that thousands of U.S. students are neck-deep in debt because of education loans and are struggling to pay them off? Many new graduates are not finding jobs and are worried about how they are going to pay their student loans. Moreover, saving for your child's

SAVING IS FOR EVERYONE!

education can take many years, so if you haven't already started saving money, you should start now.

Exercise self-control and save money

Lack of self-control and discipline are the primary reasons why many people suffer from money problems. Most people give-in to immediate gratification and they've forgotten (or they choose not to remember) the benefits of patience. Many people have a tendency to spend all the money that they earn and then some more, usually through credit cards. It goes to

say that to save money, you need self-control.

Here's an example. One man got a huge sum of money via an insurance policy. Instead of putting some money aside for the future, he spent the entire amount in just a few days on a flat screen TV and two vehicles.

Some time later, he was laid off from work and both his vehicles were repossessed. The TV was sold for less than half the price he paid for it because he had a pressing need for money. If only he had kept aside some money for a rainy day, maybe he could have avoided the situation.

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TO THINE OWN SELF BE TRUE!

Become a "conscious" spender. This may be hard to do at first, but don't buy anything without asking yourself if it's something you need (versus something you want).

Don't spend more than you have. This seems like an unnecessary tip, yet Americans spent more than \$38 billion (yes, billion!) in overdraft fees in 2011.

Keep receipts for everything you purchase. If you need to return something, you want to make sure you get the full refund.





SAVING MONEY IS GOOD FOR YOU

Saving money is good for you, it's good for your financial well-being. Saving money and making it a part of your regular cash flow reminds you that this money is hard to earn and easy to spend. Putting money away for a rainy day and seeing how difficult it

can be to stick to such a schedule will help you to better respect the money you work so hard to acquire. Credit cards and virtual banks have lessened our exposure to cash and have created illusions regarding the true value of money.

A savings account gives you the confidence to deal with life's unexpected events.

SECURING YOUR FUTURE

Here are some more reasons why you should exercise self-control and save money:

The difference between 'what you want' and 'what you need'

There is a difference between what you want and what you need. The man in the example did not have a 'need' for an LCD TV, but he bought it anyway. After he was laid off, he 'needed' to put food on his family's table so he had to sell the TV. The former could have been avoided, but the latter was necessary.

The job market has not stabilized

The economy is still in recovery mode, which means that many people are searching for jobs and many of those who have jobs are worried that they will lose them. For some, if they had exercised a little self-control and had saved some money, they would have a few less things to worry about.

Speak to someone who knows about saving money

Look carefully and you will see many people around you who are insecure about their future because they don't have much money. Some of them may be living a hand to mouth existence. Take heed from their condition and make a plan for saving for the future.

If you have doubts about how to save money or if you are going to make a major financial decision soon and don't know how to go about it, think about speaking to a person knowledgeable in money matters. It could be an elder or a professional financial planner. This way, you will be as informed as possible before you spend the money.

It never hurts to ask for help!



WHICH IS BETTER, PAYING OFF DEBT OR SAVING THE MONEY?

Here's the problem: The savings rate is one percent and you're paying interest of 20 percent on your credit card debt. Should you save money or should you pay off your debt?

Most people find it difficult to analyze whether they should pay off their debt or save money. Like all other decisions in life, there are no absolutes here; the decision should be balanced.

Set your priorities and understand what the consequences will be for paying off the debt or saving money:

Paying off debt first

Interest rates on savings accounts are very low right now. If your credit card debt is higher and you are paying a substantial amount of interest, you may be tempted to pay off the credit card debt first.

However, if you pay your debt first and put no money in savings, then you have nothing but your credit cards to fall back on if there's a financial emergency. Unfortunately, you can count on some type of expense coming when you least expect it. Using your credit cards to fund an emergency only makes it harder to pay off debt.

Saving first

If you save first and don't focus on paying down your debt, you could end up wasting money on credit card interest. Since credit card interest rates are often higher than savings interest rates, you end up spending more money on debt interest than you earn on your investment.

The other problem with saving first is that you risk entering retirement with debt. You may find that you can't live comfortably on your retirement savings and keep paying your debt. So you'd have to either live uncomfortably and pay your debt or go back to work until you can pay off your credit cards.

Having your cake and eating it too

The best solution may be to balance savings and pay off the debt. Make a plan to pay your debt in a systematic, steady way while building emergency funds.

It isn't wise to put off either of these in lieu of the other, so come up with a way to split your money between the two. For example, if you have an extra \$1,000 each month, you can put \$500 toward your debt and \$500 toward saving.

5 quick savings tips:

Pay yourself first. Every time you get paid, make sure you place a portion of your salary into a savings account. Because you never see it, you won't miss it.

Keep your everyday account separate from your savings account so you won't be tempted to dip into your savings.

Have a budget and stick to it. Not sure how? Read the *Simple 60 Minute Guide To Budgeting* ebook or other books on budgeting available at your library.

Avoid impulse buying. Really consider whether you need something before paying for it.

Set up regular electronic transfers to your savings account so that it's automatic.

TRUTH AND LIES: COMMON MYTHS OF SAVING MONEY

There are a lot of misconceptions regarding saving money. Let's explore a few of these right now:

Unfortunately, there are many myths about saving money. Some of them are common knowledge and nearly every adult has heard about them. Others are not so popular, but it's still a good idea to know them. Here's the lowdown on money saving myths and the real truth about them.

Saving money is about deprivation

If you punish yourself by lowering your standard of living every time you want to save money, you'll hardly feel motivated to save. Saving money means finding smart ways to maintain your standard of living while putting money aside at the same time.

You need to be an expert with money in order to save

You don't need an elaborate financial plan or spend hours researching complicated investing strategies to save money. Saving money can be as simple as emptying your change purse into a Mason jar every evening. It's not complicated. It's just using good sense.

You should sacrifice quality to save

Everyone likes to save money when shopping, eating, traveling and even filling up our gas tanks, but sometimes those attempts to save a few dollars end up backfiring. Examples include buying a cheaper pair of shoes, only to have them fall apart and then you need to buy another pair, or trying generic-brand laundry detergent that doesn't do the job of more expensive brands. Don't get the wrong idea – thrifty shopping is smart shopping, if you are getting something at a great value, but sometimes the cheap stuff is just that: cheap stuff. It makes sense to pay more for something that will last longer.

You can't save money until you earn a lot

Wrong. As a rather famous supermarket chain might say, every little helps. Just because you're not earning a huge salary doesn't mean you can't save money. Putting away a little for a rainy day every month can make all the difference when you're short on funds further down the line.





You don't have to wait for the new year to resolve to save money. Here are a few challenges that can get you started.

Track all your expenses for 30 days:

Keep count of every single one of your expenses for the next thirty days. It may sound confusing, asking you to focus on the money you spend rather than the money coming in. The intention is to make you think about all the expenses and purchases you make. By the end of it, you would have saved much more than if you would have if you did not take the challenge.

No spending challenge: Here, we ask you to focus on every transaction you make. You can only spend on necessities like mortgage payments, grocery, rent, utilities. You cannot make any expense

that does fit in here like eating out, shopping and even seeing a movie in a theater.

The 52-weeks challenge: In this challenge, all you have to do is put some change aside (in a jar) once every week. In the first week, you have to put \$1 aside; on the second Monday increase the amount by \$1 (put \$2 aside) and so on. In the 52nd week, you will put \$52 aside. Doing this for the entire 52 weeks will bring you a \$1,378. It is one of the easiest money challenges to save money.

Try one or all of these challenges to give yourself creative ways to save money!

CHALLENGING YOURSELF TO SAVE MONEY

Tips for saving \$100 fast

Here are a few tricks that will save you \$100 fast:

Buy a water filter

Purchasing bottled water not only hurts the environment but your wallet as well. According to the Learning Channel, a family of 4 can save up to \$55 a week by making the switch from bottled water to using water filters on their tap.

Stop the overdraft protection

While it might feel good to know your bank will cover your back if you overdraw your account, you'll pay the price later, when you realize you just spent thirty dollars for a ten dollar cheeseburger by over-spending on one tiny purchase. If you overdraw your account multiple times, those

charges really add up to a major expense.

If something can be done by hand, do it

It may sound simple, but how many of us really do chores by hand if there is a machine around? For example, rather than using a dryer, you can hang clothes to dry. Instead of cutting vegetables with a food processor, use a knife. The savings

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HOW TO SAVE

\$100 FAST!

could add up to a significantly smaller utility bill. What else could you do by hand?

Put a moratorium on your spending

A moratorium on spending is an excellent way to save money. By moratorium, we mean suspending all non-essential spending activity. Make sure that you've bought all the basic necessities and then put a stop on all spending for a week. You'd be surprised how quickly the savings add up using this method.

Sell something online on eBay, Craigslist, or Amazon.

Take some of things in your house that you're not using and sell it online. Even if you don't think you own anything worth selling, go through your entire house. You'll find something!

Stop using other bank's ATMs

We've all done it: using our bank card at another bank's ATM to withdraw some extra cash. But every time we do this, we get hit with a wonderful little fee. Now,

there is no reason not to use ATMs owned by your bank when apps like ATM Hunter can help you locate the right ATM in seconds.

Drop the cable

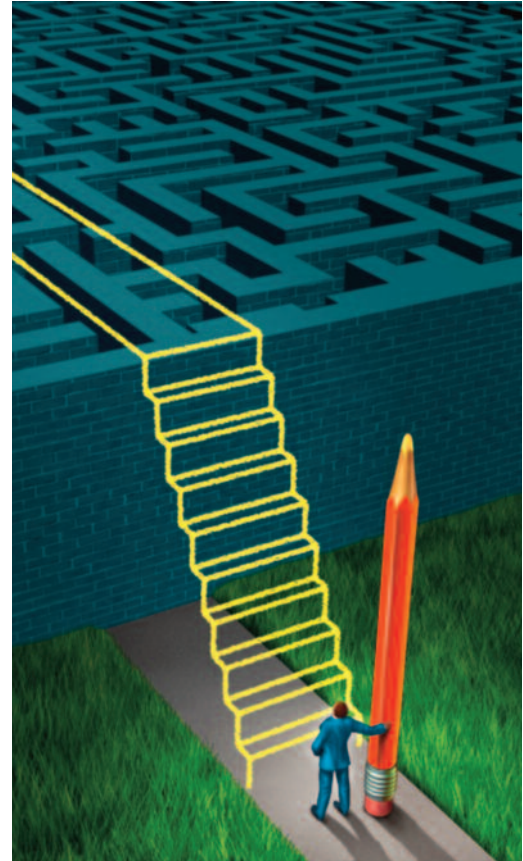
Drop cable for Hulu or Netflix. How many hours a day do you waste sitting in front of the TV? Better yet, how much money are you wasting paying for premium cable? Hulu Plus and Netflix are only about \$8 a month, and you'll become much more productive once you no longer have 1,200 channels to flip through all day!

Sell your unused gift cards

Sell your unused gift cards. It's essentially cash just sitting around untouched, that you could put in your savings account today.

Keep the change

Keep the change from each of your transactions for an entire week. You may reach \$100 in savings quickly with this easy tactic.



BORROWING

Not having a savings account leaves you vulnerable to expensive methods of borrowing. If you encounter a situation where you need additional money to meet immediate unplanned obligations your options are typically credit card advances or a loan, both of which, due to the interest charged, can be stressful and difficult to pay back. Savings accounts help you grow your wealth and avoid spending money on interest. Should you forgo a savings account and borrow future money as needed, you'll be at the mercy of the lending institution. The interest expense is money you could have otherwise diverted towards paying down your mortgage, investing, or saving more towards your retirement.



YES, IT ADDS UP

So what's the best way to save money? The answer, in a word, is consistency. Most people can afford to set aside \$15 a week. Even if you're working a minimum wage job, this much can be done. In a year's time, this amounts to \$780. Not bad.

Cut costs as soon as you can. For example, most magazines cost between \$5-10. A stop at the pizza shop? There's \$12-15, easily.

It all adds up at the end of the month, to more money out of your pocket instead of in your savings account.

WAYS TO SAVE ON EVERYDAY EXPENSES

People who have a plan for saving money are about twice as likely to successfully save than those who don't have a plan. There are many steps you can take to save money like packing your lunch rather than buying it outside and cashing in your penny jars; you just have to be creative. In this section, we'll discuss ways to save money on food, home expenses like mortgage, insurance, utilities, repair and automobile expenses like insurance, gas and repair.

How to save money on food

There are many ways you can save money on groceries, without compromising on nutrition. Here are a few of them:

Planning ahead

Take an inventory of items in your fridge and cupboards, so that you don't overbuy. Make a detailed shopping list of items that you need for the weekly menu. Eat a light snack before you leave home for shopping and only buy the items that you have added to the list. These small steps will prevent impulse purchases. As you make the grocery list, check the ads for items on sale and use coupons to save money.

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More education. Who me?

Education is very important for future earnings. Even if you're a bit older, you should consider setting some money aside in case you want to upgrade your skills or go back to school. If you're starting a family, set aside a little bit of money for your children's college education now. Doing so will help them get a good start in life, and saving now will keep you from scrambling later on.



I HAVE A 401K: DO I NEED TO SAVE?

While most people live longer today than they did in the past, you still can't work forever. At some point, you'll get too tired and weak to continue working; for some people, this happens later, but it still happens. Even if you have

a 401(k) or some other kind of pension, you should still have some personal savings in place when you want to retire. The earlier you start saving for retirement, the more wealth you will accumulate over the years.

SAVING ON EVERYDAY ITEMS >>>

Eat healthy - It is cheaper

A study in the Journal of the American Dietetic Association said that eating healthier foods can save money. The savings come from reduced portion sizes and buying fewer high-calorie food items which can inflate your grocery bill. Foods like bakery items, soda, and chips add calories but have very little nutritional value.

Pack a lunch from home

Packing a lunch from home and taking it to office is a good way to save money and an excellent way to use leftovers. It not only saves money, but you can also control the ingredients that go into your food so that you eat healthier.

Some other ways to save money on food are substituting vegetarian protein for animal protein (eggs, tofu and beans for meat, fish), eating canned, dried or frozen foods, buying in-store

brands rather than more expensive national brands and even planting a small garden to grow your own vegetables.

How to save money on home expenses

If you add up all the expenses on your home, you may be surprised. Most people don't consider the cost of running a home when they buy one. Maintenance, repairs and other expenses add up on top of expenses like mortgage and insurance. If you are you trying to save money, don't forget to look into how you can save on home expenses. Here are a few areas where you can save:

Mortgage

Reducing the mortgage payments on your house is a good way to save money. When you bought



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You shouldn't dip into your emergency fund or savings account to pay for a vacation. Set aside money for it.



your house, you might have received the best interest rate at that time. After you've settled in, explore refinancing at a lower rate of interest. Even if you can refinance to a one-percent lower interest rate, you will save quite a bit of money. Another way to save money on your mortgage is to pay off the mortgage early. It will save you a substantial amount of interest over the loan's term.

Insurance

Whether you own a standalone house, a condominium or a townhome, you need home insurance. There are several ways to decrease your home insurance premiums, but still have the right insurance coverage.

The first tip is to compare insurance policies. Get in touch with a number of home insurance com-

SAVING MONEY ON YOUR CAR INSURANCE

At some level, to an insurer you're not a person, you're a set of risks. An insurer bases its premium (or its decision to insure you at all) on your "risk factors", including some things that may seem unrelated to driving a car, like your occupation, who you are and how you live. Know this - insurers differ. As with anything else you buy, what seems to be the same product can have different prices, depending on the company. You can save money by comparison shopping. Insurers provide discounts to reward behavior that reduces risk. However, Americans waste money every a year because they forget to ask for them!

panies and compare the rates that they are offering. You should also know how much it would cost to rebuild your home, in case there is a problem. For this, you will have to hire a property evaluator, who will give you an idea of your insurance needs. Give some extra consideration to purchasing your home insurance policy. You don't want to underspend but you don't want to overspend either.

Next, you may want to consider increasing your deductible. It's the money you have to pay before you can file an insurance claim. The higher the deductible, the lower the premiums. Still, don't set the deductible very high because you may have difficulty paying it. Another consideration is to insure the house and not the land. Talk with several insurance agents to find out the best way to have adequate coverage and save costs.

SAVING 1-2-3 >>>

Utilities

You can also save a tidy sum of money every year by increasing the energy efficiency of your home. Padding your walls with extra insulation, sealing air leakages around doors and windows, performing maintenance on your cooling and heating systems, using a digital thermostat to control the temperature in your house, installing energy efficient windows and using smart strips for electrical appliances can all reduce energy consumption.

Home repair and maintenance

The best way to reduce repair costs and save money on repair and maintenance is by caring for your home. Regular maintenance can reduce the probability of something breaking. Regular cleaning will also keep your home in good condition. If a part of the house or an appliance is in need of repairs, undertake it quickly, lest it balloon into something bigger. Just like a building maintenance fund, you can also create a home maintenance fund, to take care of repairs and maintenance around your home.

How to save money on automobile expenses

Gas prices are increasing steadily and it is becoming more expensive to own a vehicle day by day. Whether you want to cut repair expenses, reassess your insurance or reduce fuel consumption, there are ways you can save money on your automobile. Here are a few of them:

Saving money on gas

If you are driving your automobile at more than 55 miles an hour, you should roll the windows up.

Open windows reduce the mileage of automobiles by more than 10 percent. If there are frequent stops (traffic signals), open the windows and turn the air conditioning off.

Drive sensibly

Aggressive driving (rapid acceleration, braking and speeding) also wastes gas. It can reduce the mileage of your car by 33 percent on the highway and by 5 percent in the city. Another tip is to drive under the speed limit. Different automobiles have different optimum speeds, at which they reach their maximum fuel efficiency. On the average, fuel efficiency decreases above 55 miles an hour. Find out the optimum speed for your automobile.



Don't idle your car for long periods of time

Avoid idling your automobile for long periods. Automobile idling can consume a quarter to half a gallon of gas in an hour (depending on air conditioner usage and engine size). The engine should be turned off when it is parked.

Use cruise control

Turn on cruise control when you are on the highway. It will help you maintain constant speed and save gas.



SPENDING BEYOND MEANS



If you don't teach your child about the importance of saving, who will? Explain why you save money to them.

It's never too early to introduce the topic of money to your child, especially if you approach the process by leading through example. Use family dinnertime to talk about the importance of money and explain your daily actions to your child -- just make sure it's age-appropriate.

The values and responsibility parents instill in their children -- even at an early age -- can help form their view of money and how to control their impulses, both financially and in other aspects of life. Show your child there are many choices when it comes to money, like saving and investing.

Saving on insurance

Car insurance is mandatory, but you can always choose the company you want to give your business to. Most people don't bother shopping their car insurance around for the best price, and just take for granted that it's a fixed cost, which it's not. Here are a few tips on getting the best rates on car insurance.

Increase the deductible

The Insurance Information Institute says that increasing the deductible on the car insurance is the best way to reduce annual out-of-pocket expenses on your automobile.

Join a carpool

Carpooling is not only good for the environment, but also your pocket. It will help you reduce the miles on your car by up to 75 percent. Insurance companies also track mileage. The lower the miles on your car, the higher the chances are that you will get a better insurance rate.

SAVINGS TIP: UTILITIES

Basic home utilities add up so much faster than we realize. Take stock of your cable bill, your internet bill, and your phone bill. See if you can bundle services for greater savings, or get rid of services you are not using.

Watch your electricity usage as well. Especially with energy costs on the rise, turning off those extra lights or adjusting your thermostat can add up to hefty savings.

Any money you can save by doing away with unnecessary utility bills can be used towards paying off your debts.



SAVING MONEY ON YOUR CAR'S REGULAR EXPENSES ADD UP!

THE PLAN

It's important that you develop a budget using your net income as it reflects your take home pay after taxes and expenses. A common mistake people make is developing a budget off of their gross income. It's a mistake because you're budgeting money you never possessed. Remember your potential savings is the difference between your net income and your expenses.

When developing a saving plan ask yourself these questions:

- Are there any variable expenses that you can reduce or eliminate?
- Is there anything you spend money on that you could eliminate and apply towards savings?

Combine policies

If your automobile insurance, renters insurance or homeowners' insurance are from different companies, it may be possible to combine them under one policy with one company and save some money. It is called 'multilining' and it allows you to stack discounts, saving money in the process.

Saving on automobile repair

You don't have to be a automobile know-it-all to save on car repair. Here are a few tips to help you keep money in your pocket:

Read your owner's manual and perform preventative maintenance

Simply put, if you don't take good care of your vehicle, then it's not going to be there for you down the road. Sure, this means following the recommendations for oil changes and tire rotations that you'll find in your owner's manual, but it also entails having routine check-ups performed. Doing routine maintenance on your car can identify and fix any issues before they turn into larger problems that require costly repairs. One of the best things you can do to prolong the life of your car is to change it's fluids on a regular basis.

Ask around for a good maintenance shop

Ask your co-workers, friends and family if they know of a good mechanic who specializes in your vehicle's maintenance. Good auto-

If you think you have to track your purchases, divide your cash flow into categories and create animated color-coded charts before you can save money, think again. Plenty of online tools will do the organization for you, like mint.com or your own bank's automated bill pay program.

AUTOMOBILE EXPENSES

mobile repairs shops will hire certified technicians. The work area should also be clean. A shop that has empty fluid containers, dirty work rags and other kinds of trash on the work floor, probably has sloppy workers.

Heed the warning signs

Keep an eye on the engine light. If it turns on when you start the automobile, get the vehicle checked immediately. If the light turns on and off, tow the

vehicle to the mechanic's garage. Otherwise, it can cause serious engine damage and a costly repair.

The Pareto Principle suggests that we use 20% of our stuff 80% of the time. If you're like most people, you wear 20% of your clothes 80% of the time, and the ratio of use is probably similar with your other possessions. Instead of storing a bunch of stuff you don't need, take the clothes to a consignment shop and trade them in for a cool Benjamin!



UNIQUE WAYS TO SAVE

Automatically save windfall income – any unexpected money such as income tax return money should be put directly into your savings account. Don't be tempted to put it in your checking account.

Break a habit – try to eliminate spending on one thing during the week and apply that money to your savings account.



“BUT I DON’T MAKE ENOUGH TO SAVE”

It’s easy to blame a lack of income for not saving. But think about this - you probably earn more than you did ten years ago - back then, you may have longed for the money you want in your savings account today! It’s a common occurrence: A study by the National Bureau of

Economic Research shows that high-income households have just as much trouble saving money as low-income households; both groups save pretty much the same amount.

Saving is about the habit, not your income.

SAVING MONEY ON CLOTHING >>>



Clothing a family doesn’t have to be expensive. With a bit of planning you can put these thrifty tips into practice and save hundreds of dollars each year on your family’s clothing needs.

Shop with cash only

Shopping for clothes with cash only is a good way to save money. Buy only those clothes that you can afford. So if you want to buy that \$1,000 suit, you know you have to save up so that you can pay cash for it.

Ignoring the sales

It’s worth mentioning that all of those "sale" alerts and coupons can result in overspending. So think of the clothing deals like grocery store coupons and don't buy something just because it's on sale.

Buy clothes in the off season

Try to avoid shopping when the retailer has just brought in new clothes. Shop for spring/summer clothing in fall and stock up on fall/winter clothing in spring, when they are likely to be cheaper.

Take advantage of online deals

The email newsletters that retailers send contain coupons that can be used to save money. Before you go shopping, surf through sites like Groupon, where you will find good deals on clothing. You can also shop online at places like Amazon or any one of the other e-commerce sites. Their discounts are usually better than the offers you will find in stores. There are also daily deal sites like Zulily, where you can get deals on workout gear, top quality name brand shoes, and casual wear. Shipping is \$5.95 so make sure that even with it added on, the price is still what you could beat elsewhere.



TRANSITION TIME

You may feel like you have a lot of money when you save up cash for a down payment on a house or condo, but expenses don't stop there.

A lot of people don't realize how expensive it is after you buy a house or have children and there are big costs that come up. There may be times when you will be very crunched, especially after big transitions like these and it will be very difficult to save.

Building a buffer of cash is a great way to ward off debt that may stem from these financially strapped moments in life.

Aim to save 20 percent, or even more when you look at both your retirement savings and your shorter-term savings. That number may sound ambitious, but preparing for unforeseen expenses will help keep you out of debt down the road.

SAVING ON MEALS & ENTERTAINMENT

Saving money doesn't mean that you should sacrifice entertainment, but you can certainly look for ways to cut your entertainment bill, if you are overspending. There are many techniques to reduce your entertainment expenses and still have fun.

Watch a matinee show

Theaters will show the same movie in the afternoon that they show in the evening or at night, at much lesser price. Try taking in more matinee shows. You still get the movie experience and end up saving quite a bit, especially if you are going with your family. Eat well before you go to watch

a movie; that way you will not be tempted to buy the high priced popcorn and drinks inside the theater.

Eat a discounted restaurant dinner

Rather than eating a full-price dinner, look for coupons on sites like Groupon and SaveMore which will allow you to have a great meal at a lesser price. Of course, your options will be limited. You can also consider visiting restaurants when they have a happy hour running. Try skipping the dessert and the drinks, to cut your restaurant bill.



SAVING: USING RESERVE FUNDS

How can you best manage saving for multiple goals? It may help to use “reserve funds.” What are reserve funds and how do they work? They are savings or investment accounts used to fund future expenses over a period of time. What types of future expenses should you use a reserve fund for? Here are several:

Debt is something that’s easy to fall into and very difficult to escape from. Think debt-free and remind yourself how good it feels to not be in debt.

- **Emergency/rainy day funds**
- **A replacement automobile**
- **Down payment on a house**
- **A home improvement fund**
- **Children’s college funding**
- **Children’s weddings**

SAVINGS: TIPS AND IDEAS

How to save on children’s expenses

Childcare expenses are rising every year. You might think that childcare expenses are difficult to reduce, but you can actually cut down the total cost you incur. Here are a few tips:

Start putting money into a flexible spending account

If you have this option at your workplace, you can use it to start savings for your child’s expenses. According to the healthcare.gov website, you can save up to \$2,500 every year in such an account, but you will have to spend it within that year. You can ask for a two and a half months grace period to spend that money and you can also carry over \$500 to the next year. The money in your FSA can be used to pay for day-care, preschool, medical care and others. Note that any savings in the FSA

that you do not spend at the end of the year, will be forfeited. The FSA is not taxable.

Use child care tax credit

If you don’t have the option of a FSA, don’t worry. You may be able to claim a tax credit for child care expenses. When applicable, this allows you to claim \$3,000 in tax credits every year per child, for a maximum tax credit of \$6,000 per family.

Talk to the human resource department

Many companies are sympathetic to working parents and offer benefits, which can help lower expenses with childcare. Speak to the human resource personnel in your company to see if your company is offering any such benefits.





SAVING ON PET EXPENSES

Pets need your love and affection like any other member of the family. They also need vaccinations, good food, quality shelter and veterinary care. Increasing costs are one of the main reasons people have to give up their pet. With a bit of financial planning, you can ensure decent living conditions for pets and once in a while, give them a treat too. Here are some tips that will help you save money on your pets' expenses.

Do not overfeed your pet

The American Society for the Prevention of Cruelty to Animals says that feeding a small dog or cat should cost between \$120-150 every year and the cost of feeding a large dog is about \$350. However, most people overfeed their pets, as a result many pets in the US are obese. Always feed your pets the recommended amount of food and never overfeed them. Another tip is to feed them

KEEP THE HABIT

Once you develop the habit of saving you will find that it comes easier to you. And it can provide peace of mind, since you know that you will have backup in times of financial strain.

dry food rather than canned food, because canned food contains a lot of water, which means you will have to feed you pet considerably larger portions.

Make use of pet food coupons

You'll find many coupons for pet food in the newspaper. There are many of them on the internet also. You can use these e-coupons online and even print them out and cash the discount or offer in at a brick and mortar store. These can bring down your pet food expenses.

Speak to the vet about generic medications and discounts

With the cost of medicines increasing, people are beginning to discover the benefits of cheap generic medications. These medications have the same physiological effect as their more steeply priced cousins and they come at a cheaper price. You can apply the same principle to your pet's healthcare. Ask the vet to prescribe generic medications and discuss medication packages. If you live near a veterinary college, you can take your pet there to save some more money.

Avoid unnecessary expenses

Set up a routine to give your pet a bath and brush their fur/hair and teeth so that they remain clean and to prevent issues with their fur and teeth that can cause problems down the road.

SAVING ON TRAVEL

Traveling on a budget doesn't mean you have to compromise on comfortable accommodations and decent flight times. In fact, savvy travelers already know how to maximize their travel budget and take advantage of low prices on travel packages, airline tickets, and other travel-related expenses.. Here are a few tips to save money when you are traveling:

Be flexible

Flexibility, whether about the dates on which you want to go on vacation or the destination, can be very advantageous. It allows you to stretch your dollar to the maximum extent possible. Let's say that you want to go to Hawaii, but you have found a great deal to a destination in the Caribbean or in Mexico. The latter is more closer to your home in the US and it is also half the cost. You are still getting the beach destination, but you're saving some money.

Travel when prices are cheaper

Travel peaks at certain times every year, like in summer. Many great destinations are quiet during other times of the year, also called the off-peak season. If you don't mind, try visiting these places

during the off-season. You still get to have your vacation with the added benefit of lower airfares, lower hotel room fares and more.



Take advantage of package deals

The general public is usually not aware about package deals. Normally, people book air tickets and hotel rooms separately, but some websites have combined them, to come up with lower costs. These deals are also a good way to control expenses. You won't have to open your wallet often to pay for drinks, entertainment, meals and other activities because they sometimes are included in the deal.

Use your age

Seniors traveling by train can find ticket deals, most of which require a discount card purchased at train stations in Europe (discounts start between ages 60 and 67). Senior discounts at museums are generally available as well, so it's always worth asking.

EMERGENCY FUND FACT

An emergency fund not only allows you to cover expenses, it also gives you the peace of mind that you can afford these types of financial emergencies. Not having an emergency savings fund is an important reason that many individuals borrow too much money at high interest rates. For example, with emergency savings, Americans probably would not have to take out \$2 billion a year in payday loans at interest rates that average 300 to 500 percent!

SAVING MONEY ON GIFTS:

Saving on gifts

Buying gifts for family and friends on special events like birthdays, weddings and baby showers can be expensive and hard on your pocket. However, there are some ways you can save money on gifts:

Setup a Christmas gift budget

One of the most important things that you can do is to stick to a Christmas gift budget. You can put money away for Christmas each month so that you have the extra money in December. You should also budget how much you are willing to spend on each gift and stick to it. This way you will be able to buy everyone a nice gift without going over your budget.

Watch for sales

If there is an occasion coming when you will have to give gifts, but you still have some time on your hand, you can plan ahead and buy the gift well in advance. Store circulars are a great source of information on holiday bargains. Don't forget to cross-ref-

erence deals and sales between stores, so that you don't miss the best deals.

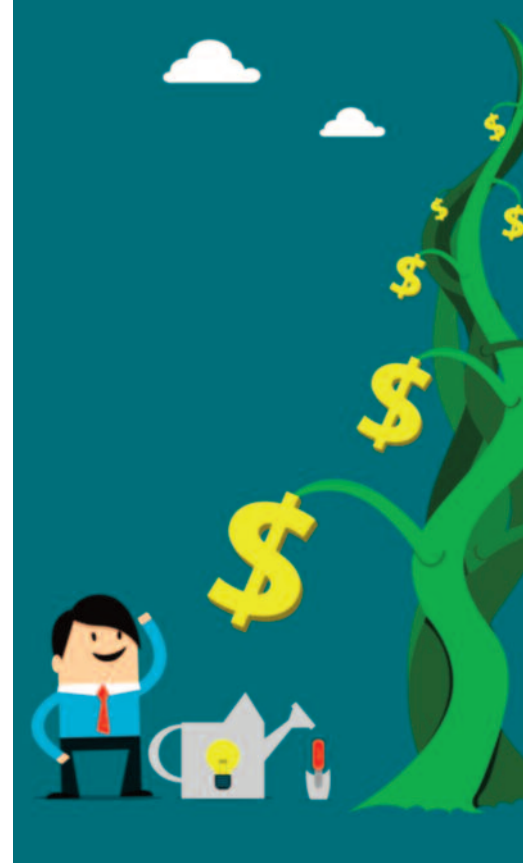
Shop online

Suppose you want to gift a loved one a book. Gone are the days when you would have to visit a brick and mortar book shop and search for the book you want. Now, you can order books on e-commerce stores at much cheaper rates. If you know what gift you want to buy, online shopping can save you money.

Watch out for discount coupons and codes

Around holiday time, companies launch sales and offer discount coupons that you can redeem for lower prices. If you wait a little, you may be able to buy the same gift for a nice discount.

Many companies also offer discount codes (you can find these on their websites). You have to enter these codes when you make your purchase but you can get between 5 to 20 percent off on the price of the product.



GET THE FAMILY INVOLVED

Building an emergency fund may be easier if you involve your whole family in meeting this challenge.

After you've explained the importance of emergency savings to your spouse or children, they may even help build the account. And, they will be more likely to understand why it's more important for you to increase these savings than to pay for expensive things you may not need.

Make it a family affair!

SAVE MONEY TODAY FOR YOUR FUTURE

Saving money on miscellaneous expenses

Miscellaneous expenses are expenses that do not come under the usual budget categories. If you are not careful, these expenses can eat up a chunk of your savings. It can be something as small as a bus fare to expenses on health, fitness or entertainment. Here are some tips to save money on these type of expenses:

Reduce healthcare costs by remaining fit

It is much cheaper to eat well, exercise and remain fit than it is to visit a hospital. Save money on the gym membership by buying the exercise equipment and working out at home. You can even avoid the gym equipment entirely by doing exercises that don't require equipment like squats, push-ups and pull-ups.

Rent books, video tapes and DVDs

Many people would rather buy books, video tapes and DVDs than rent them. Renting can actually save you quite a bit of money compared to buying it outright, especially if you're only going to read a book or watch a show or movie just once.

A latte a day adds up

Is visiting the coffee shop on your way to work necessary? How critical are the three sodas or snacks a day you buy from the office vending ma-

chine at \$1.50 each? A cup of coffee that you made at home is only 25-35 cents, as is a soda you bought in a store as part of a 12-pack. It adds up.

Buy pet food in bulk

If your pet likes a particular brand of food, you can buy in bulk, especially if there is a discount on larger purchases. Later you can store it in airtight containers so that it doesn't get moist or spoil. Don't compromise on the quality of the pet food because low quality food may have less nutrients which isn't good for your pet.



Joining a warehouse club

Look into joining a warehouse club. The price of the membership is usually made up in your first shopping trip. They carry name-brand products and take coupons.

In addition, by not having to shop as often, you spend less money by not being in the store every week and risking impulse purchases. Be careful here. Warehouse club shopping must be done with discretion or you won't save money.

Spend consciously

Always spend consciously; you are trying to save money here. It may be difficult at first, but don't buy unless you really need it. Chances are there is at least one idea above you could use to save \$100 fast, so what are you waiting for? Without sacrifice there is no reward, so muster the courage, step outside your comfort zone, and start saving ASAP.



UNDERSTAND YOUR SPENDING HABITS

SECRET FORMULA

There's no secret formula for saving. It simply takes the desire to make some simple changes in your habits. It's these little adjustments that allow people to increase their savings over time.

It takes the understanding that living on credit is no longer acceptable. It involves rediscovering the value of money and putting an end to things like impulse purchasing that can prohibit saving.

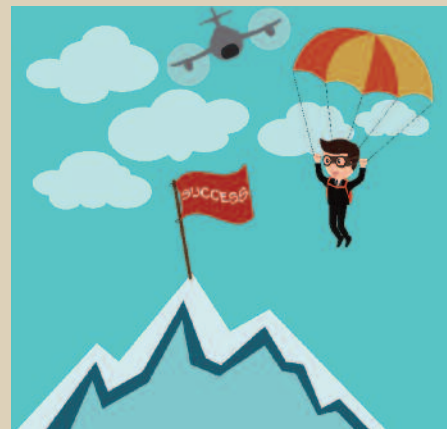
Finally, it means having a straightforward plan to save.

So, how about getting started today?

When people look to save money, they often ignore the most obvious items they buy day in and day out. If you find yourself unable to envision how you'll be able to save, start first by understanding your spending habits during a given week. A great exercise is to track how much you spend and what you spend it on. Ask yourself the following questions:

- How often do you eat out for lunch each week?
- How often does the family eat out for dinner each week?
- How many times do you stop in the morning for that favorite cup of coffee?
- Do you drive alone to work when your neighbor around the corner works in the same area?
- Do you tend to find excuses to spend money?
- How much of what you spend during the week can be avoided?

When someone takes the time to track their spending habits in a week, they are often surprised at just how much money they can save. It's amazing to think it's this easy, but in a number of instances it really is. Start by tracking your spending habits and making a conscious decision to cut out all those nonessential purchases. Write down how much you spend and sum up the total. You'll likely find you're simply wasting money on things you don't really need.



SAVING FOR YOUR FUTURE



People that are successful with money understand these basic principles: today never lasts, tomorrow is always around the corner and it's best to be prepared for the future.

These people consistently save for their retirement, spend within their means, have minimal debt and are always contributing to that much needed emergency fund. While

others are purchasing everything in sight, and worry about paying for it later, these people use simple and straightforward approaches to save for retirement and control debt, and they never spend more than they can afford. In a time when the stakes are so high, it's more important than ever to start saving for the future now. Putting saving principles into action today, can go a long way toward increasing how much money you will have in the future.

IN CONCLUSION: STAYING MOTIVATED TO SAVE

Contrary to what people want you to believe, saving money is not easy. The fact is, spending money is much more fun and easy than saving money.

When you are saving money, each day you will have to take financial decisions which will contribute to your future. You will have doubts and how you answer them will decide your saving pattern. Here is how you can remain motivated to save money.

Set saving goals: People who have savings goals, save faster compared to those who do not have savings goals. If you want to save money for that dream holiday, the deposit for a new house or any other financial goal, you will have to identify the goal (for which are you saving), calculate how much you should save every month and start saving. There is no other way to do it. Savings goals can be split into short term savings goals and long term savings goals.

Short-term saving goals: Short term goals last for a maximum of one or two years. Opening an emergency savings account that can support your family and you for up to six months is a short term goal. Some more short term goals are paying debt and saving money for a vacation.

Long-term saving goals: Long-term goals can be spread over a number of years. Saving \$20,000 so that you can put a down payment on a house is a long term savings goal. Other long term savings goals are buying a car, buying a home, paying for your child's college education, and saving for your retirement.

Always be specific when you are setting financial goals. For example, 'I want to save \$5,000 for a car' is a much better goal than just saying 'I want to buy a car.' Stick reminders of your financial goals around the house to help you stay focused and motivated to save.