

The Everyman's Guide to Stretching Your Dollar

Weathering Tough Financial Times



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FREE!

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Introduction

Welcome to a basic guide to getting your household shipshape and Bristol fashion, ready to weather the financial gale that seems to be brewing to an ever-increasing climax. In the 1800s, the port of Bristol, England had a very high tidal range, which resulted in ships moored there being grounded on the reef at low tide, which would cause the ship to lean sharply to the side. Everything not tidied up, tied down or stowed away onboard would tumble about the ship, resulting in predictable chaos. Hence, the term “shipshape and Bristol fashion” came to mean neat, tidy, and ready for life to take a sharp and unexpected slant.

Something about a national financial crisis puts everyone on the edge. With unemployment rates now at 9.4% and home foreclosures reaching their highest point in the last decade, almost every individual has someone close to them enduring the nightmare of company cutbacks and layoffs. Witnessing the stark reality of just how fast you can lose everything has the entire nation thinking twice about every dollar that slips out of their wallet. Just like a wise sea captain knows how to ready his ship for an approaching storm, you should be watching your horizons and preparing your own household to weather the tempest. Weathering the financial crisis is all about knowing what you can do to make your own ship watertight, identifying and plugging the leaks before they sink you. This pamphlet/book is intended as a guide to help you strategically evaluate every area of your life, and make sure everything you have is well-tied down, and every dollar you spend is well-thought out.

Identifying Where Your Ship Is Leaking

The first step to weatherproofing your financial situation is to track your expenditures. You need to make sure that you know where every penny is going. A surprising number of consumers could not tell you what they spend on gas or beer in a month. If you are going to be prepared for possible financial distress, you have got to know what hobbies, foods, friends, and habits your cash is supporting. Without this knowledge, it is incredibly difficult to evaluate which areas are leaking the most money the fastest. If you don't have a record of your expenses, trying to slow the rush of water into your vessel is next to impossible. Your life will become a classic cartoon re-run, rushing forward to plug one leak only to have another spring up behind you.

The simplest way to begin expenditure tracking is to eliminate cash for a month or to. Don't stop at an ATM, don't get cash-back. If you go somewhere that is cash only, withdraw the cash from your own bank by writing a check for it, and then notate on your check register what the cash is for. By looking at your bank statement and checkbook, you'll be able to figure out exactly what each dollar was spent for. It might be a little inconvenient, but you have to go cash-free for at least a month in order to successfully understand where your money is spent.

Once you have a reliable data set to get information from, use a simple spreadsheet in excel and place your expenditures in categories, like food, entertainment, transportation, gifts, clothing etc. The more detailed your tracking sheet is, the more you'll find out about your spending habits. Chances are, you'll be very surprised at how lots of little things add up, and how much a percentage of your income must be allocated to simple things like food and shelter. Some categories might instantly jump out at you as being a place that you either need or want to cut costs. For others who are perhaps a bit more cautious with their money in general, you might have to look more carefully to find ways to cut. Once you have an adequate representation of where your money is going, it's time to proceed to the next step, plugging the leaks in your financial vessel.

Plugging the Leaks

After determining where your ship is leaking (in some cases, spurting) water, read the section on how to plug that particular leak. You may just want to read them all. None of the following suggestions contain any earth-shattering new technology, or incredible secrets of a lost civilization. Instead, these are secrets known to people for a long, long time-things that might sound familiar to your Grandmother if you asked. Our theory is that in this age of electronic hustle and bustle, these ideas have been lost, or forgotten, even if you once knew them. Each section below contains the time-tested strategies of the everyman, ways of saving pennies that eventually add up to one, ten and hundred dollar bills.

A. Reducing Your Phone Bill

One of the best things about the increasing advances in communications technology is our ability to communicate locally, nationally, and globally by pressing a few buttons, or clicking a mouse a few times. By utilizing cell phones, texting, twitter, Facebook, email and myriad of other social tools, you can communicate a hundred different ways a hundred times a day. In fact, we literally drown each other in communication. An important step to readying yourself to weather a financial crisis, is learning to step it down a notch. Just because all of the technologically clever ways of communicating are available to us, does not mean we *have* to own or utilize all of them.

Get Smart With Your Cell Phone Plan

Unfortunately, once you have experience unlimited, instantaneous communication, it can be difficult to downgrade or back it off a little. However, spend some honest time considering if you really need to use as much internet/browser capability on your cell phone. If you primarily use text to communicate, then consider getting a very low minute cell phone plan, with unlimited texting. If you don't like to text, drop the capability from your cell-phone plan and drop those charges. If you normally get hit at the end of the month with massive overage charges, find a way to remind yourself to check your minutes often enough to avoid them. If you are getting overage charges because you really do need more minutes, find a provider that offers ways for you to get free minutes. For example, if most of your calls are to people within one cell phone network, think about switching to be on that network as well, and utilize free mobile to mobile within network minutes. If you can't consolidate your network, use a plan like T-Mobile's MyFaves, where you get unlimited calling to any five numbers of your choice. Finally, think about waiting to make the calls that are going to be long conversations until the weekend, or after 9 PM, when the minutes will be free. By getting smart with your cell phone plan selection and usage, you can make sure you are making every dollar you pay work its hardest for you.

Eliminate a Phone Line

Although this idea might sound completely nuts and/or foreign to a lot of people, many families and or married people could actually eliminate a cell phone without experiencing a drastic lifestyle change. For example, if you have several children, they don't each need a personal cell phone. One or two cell phones can easily be shared amongst sibling when they are leaving the house and/or your supervision, so that you can reach them when you need them. Remember, paying for your child's cell phone use should ultimately be about *your* convenience, and not theirs. If you only use cell phones-eliminate your landline and save yourself \$120 to \$360 a year!

If you are a married couple with cell phones, chances are that you spend a lot of your time away from work together, so you would only need one phone. And there is a high possibility that one or both of you have a landline phone available at your place of business that you can both make and take calls on. So, radical as the idea is, it might work very simply to just drop one of your cell phone plans. Try using only one cell phone for a month and challenge yourself to make it work. Even on the lowest rate plans, dropping eliminating one cell phone can result in saving an extra \$360 to \$500 a year!

Utilize Family Plans, Corporate Discounts and Bundling

If you are using more than one cell phone in your immediate family, make sure you get on a family plan, which offers a reduced rate for cell phones tied together, and allows minutes to be shared between 2 or more phones. Also, a number of major corporations have negotiated discounted rates with specific cell phone companies. Check with your employer directly to see if they offer any of this type of employee benefits, rather than take for granted that they do not. Finally, use your addiction to communication methods to work for your good. When you use the same company to provide your cable television, high-speed internet connection, landline phone and cell phone, most major providers incentivize you to 'bundle' the services together by offering a lower total rate.

Negotiate With the Cell Phone Company

This can only be effective in reducing your costs if you have a place to negotiate from, i.e., you are outside of your 1 or 2 year contract. Call your cell phone company and begin to cancel. When they ask why, tell them you can't afford it, or need more minutes, or whatever the problem is. It helps to mention a competitor you might consider using instead. The phone operators are not authorized to lower the rate on the plan that you are on, but they ARE authorized to offer anywhere from 200 to 400 additional minutes to your plan *at the same rate you have been paying*. Other incentives to stay with your service provider could include free phone upgrades etc. If you decide to take their offer, you will have to sign up for another 2-year contract, but if you were going to stay with them anyway, it shouldn't really matter. Whatever you do-NEVER sign a new contract for nothing.

Consider Using VoIP services

Finally, if you do most of your calling from home or a business, I.E., anywhere that you have a high-speed internet connection, the most cost-effective way to do all of your telephoning is with VoIP providers like [Vonage](#). VoIP stands for Voice over Internet Protocol, which involves sending telephone signals over an internet connection rather

than a telephone cable or the airwaves. VoIP can be used either with a special IP phone, or with an adapter you simply plug in to your same old landline handset. Continuously advancing technology has made the VoIP service just as clear, convenient and consistent as other types of phone service, with just as many, if not more, features available. And VoIP service is almost always significantly less than you are paying for landline or cell phone service. Most VoIP providers offer unlimited, free long-distance calling, and more and more offer reduced rate or unlimited international calling. For example, the [Vonage World Plan](#) now offers unlimited local and long-distance calling, as well as *unlimited international calling to 60 different countries* worldwide, all for just \$24.99 a month! You take a look at your expenditure spreadsheet and do the math on how much you could save yourself if you never paid more than \$25/mth for ALL of the phone calls you make

B. Reducing Your Gas and Electric Bills

One of the best ways to see immediate results in reducing your gas and electric bills is to replace or update the major appliances that are utilizing these services the most. Consider purchasing an energy-saving refrigerator, and/or replacing your furnace, water heater, air conditioner. Currently, the US government is offering significant tax credits for home efficiency improvements like these. If a significant initial financial outlay like these projects is not feasible for you currently, there are still a number of things you can do.

First, you can buy a programmable thermostat for your home, so that you can set the temperature regulation to stop when no one is home, and otherwise automatically adjust for your preferences, ensuring that you get the best results for the least energy. If you are renting or can't afford a new thermostat yet, simply make sure the last one out of the house turns off the AC or heat. Contrary to the popular superstition that this costs you more money in the long run, it actually can save you big. In addition, close the vents into rooms that are not high use, so that you do not actually heat/cool your entire house. Finally, use caulk and weather stripping to seal off any leaky drafts around your home, for which this department of energy how-to guide is especially handy.

http://www.energysavers.gov/your_home/insulation_airsealing/index.cfm/mytopic=11260

Summer (AC)

Other than those listed above, there are a few more strategies that you can use to reduce your AC bill in the hot summer months. First of all, keep an indoor/outdoor thermostat on a window ledge to help you figure out if it is cooler inside or outside. Never run the AC when it is cooler outside. Instead, open up windows and doors, and get the fans going. Especially in dry and/or desert climates, the temperature will usually drop at night. Often, setting a fan on the window ledge to pull this cold air into the room can significantly cool things off all night long without running the AC. In addition, only supply sheets for bedding in the summertime. A surprising number of people waste a lot of money by trying to cool the house to a temperature that is comfortable to sleep *under a blanket!* Also, ceiling fans can dramatically help a room feel cooler if they are

used to constantly circulate air. You might also want to consider moving the center of home activity to the basement if you have one, since most basements stay relatively cool even in summer months.

Wintert(Heat)

In the winter months, one of the best ways you can conserve heat is by *dressing* appropriately for the season and the weather. Wear sweaters and long pants, and always wear socks. If you are consistently dressed winter appropriate, you might be surprised at how comfortable you are even if you turn your heat down a couple degrees. Also, using plastic sheeting or even tacking quilts over large windows that are primary areas of heat loss can reduce your heating bill, as well as sticking towels underneath the doors to basements, attics and other unheated areas of the house.

Basic Electric

Don't worry about being a light Nazi, or sounding just like your parents! Enforce whatever discipline you need to in order to get everyone in the house in the habit of turning off lights. Lights that are commonly left on accidentally include the garage light, porch light, and bathroom light. In addition, *especially* for high-use lights, but its good for all of them, replace the old incandescent bulbs with the new compact fluorescent bulbs. A CFL light bulb uses about 75% less energy and lasts 10 times as long as a regular one. At the same time you are shutting off lights, shut of electronic devices and power-strips, since computers, televisions and gaming systems will still pull small amounts of electricity, even if they are in off-mode. Another way to dramatically reduce your electric bill in spring, summer and fall months is by stringing an outdoor clothesline. Your dryer is a major electricity hog, so why not let the free sunshine and breezes do the work for you?

C. Reducing the Cost of Gas and Transportation

With the dramatic spike in gas prices last summer, we've all had a crash course in how to cut back on our gasoline consumption. But here are some few practical reminders on how to reduce the cost of your gas and transportation bill for the household.

Drive Cars with High Gas Mileage

The number one most obvious step would be to purchase a car with really good gas mileage. Unfortunately, folks, the price of gas is going nowhere but up, so put aside the futile wishing and Hummer daydreams and *never* purchase or lease a car that gets less than 30-35 miles per gallon. If you must have a larger vehicle due to work, hobbies and/or family size, make sure your truck/SUV/mini-van still gets *at least* 20 miles per gallon.

Carpool and Combine Trips

One of the best ways to reduce your transportation costs, and incidentally, help the planet out, is to join a carpool. Even if there isn't an official work carpool set-up, talk to co-workers, friends and neighbors who might be going in the same direction, and arrange to share rides. Remember, when you are trying to stop a financial leak, every

penny counts, so take the time to carpool even on trips that may seem trivial, like grocery shopping or going to the ball game. We are *not* saying be a mooch-take your turn driving, but get out of that crazy American habit of 1 person per car. When you do go somewhere yourself, try to combine your trips, and do all the errands in the same part of town at the same time. If you forget something, don't go back, save it for the next trip.

Use Public Transportation

Now, some people live in areas where the public transportation system is sporadic at best. Where the time you can lose attempting to use public transportation is just not worth the money you'd save. However, if you live in a city, never assume that public transportation can't work for you. At least take the time to check out the routes and schedules of nearby buses and/or trains. You might be doing yourself a favor.

Consider Only Using One Car

If your financial situation is leaking money from so many holes you're barely afloat, 'drastic' action may be necessary. There is no law that states simply because you *own* two cars you are required to use them. Talk to your spouse and family about carpooling options, public transportation, giving each other rides etc, and discuss the possibility of downsizing to one car. Creative scheduling and a willingness to sacrifice count for a lot here, but you can save a lot of money on gas and insurance by permanently parking, or selling, a vehicle when times get tough.

Be Savvy About Insurance

Make sure you are aware of what your insurance offers you. Take the time to comparison shop, and make sure you are getting the best deal possible. Investigate ways to improve your driving record, if that is what is holding your back. If you are married or engaged, consider consolidating your two separate insurance policies into one policy that lists both cars. In addition, carrying full-coverage or comprehensive insurance is rarely worth the additional cost. Carefully consider if the money you would save by carrying liability only insurance wouldn't result in paying for any damage done to your car by an uninsured driver or yourself.

D. Reducing Your Grocery Bill

One of the highest expenses in an American household is their grocery bill. Chances are you are leaking money like crazy when it comes to you and food. Grocery and food spending is one of the hardest things to quantify in your expenditure spreadsheet, but it is very important to be specific so you can identify exactly what it is about your eating habits that is so costly. If you haven't already, make sure you identify fast food, restaurant dining and grocery shopping as separate categories, as they each require separate actions to plug the leak. Obviously restaurant dining and fast food are more expensive than eating at home, so the biggest way to cut-back on your food bill is to reduce or eliminate eating out, we discuss cost saving strategies there in the section *Saving Money on Entertainment*. This section is concerned primarily with reducing the cost of the actual groceries you buy.

Buy Generic Brand

One of the first steps to plugging the grocery leak is learning to buy generic brand. Every grocery store will usually have two options, name brand, and generic brand. If you are gushing water in thru the grocery hole, decide now to never again buy name brand anything. If your grocery leak is less severe than that, you have the option to decide if the name brand is actually better in any way than the generic brand. With most items, the generic brand is so similar to the name brand that you can barely notice a difference. However, there are some things that are better tasting and/or better quality name brand. (i.e. *Tide* detergent really does clean better than a generic, and *Campbell's* soup really does taste better than others). So, evaluate whether or not you can afford any name brands, and then spend your money on the items where brand actually makes a difference.

Identify Low-Cost Grocery Stores

All grocery stores are not created alike. In every metro area, there are tiers or levels of grocery stores. Generally these stores fall into high cost, average cost, and low cost ranges, and most major corporations operate a grocery store chain in each of the tiers. What that should tell you is that the only thing you're getting different is the label. One of the primary leaks in the average grocery bill is caused by shopping in a high cost grocery store, either out of ignorance, snobbery, or convenience. In a high-cost grocery store, you can pay 2 to 3 times as much as you would in a low-cost grocery store for a similar item. Often the high-cost stores are conveniently located next to neighborhoods and in the suburbs. Some examples of high-cost grocery stores include Albertsons, Schnucks, Trader Joes, Dierburgs, Safeway. Grocery stores that fall in the mid-range have an equal advantage of selection to the high cost stores, but the food is simply less expensive there. Examples of average cost grocery stores include Smiths, Shop N Save, Target Superstore, Krogers and Von's. The number one way to save money on your grocery bill is to locate the low-cost grocery stores in your city and make it a rule never to shop anywhere else except in a dire emergency. It may involve your driving 1-3 extra miles, but you will save much more than the cost of your gas. Examples of low-cost grocery stores include Aldi, Super-Walmart, Food 4 Less and Save A Lot. A good way to determine which range a grocery store falls in is to price a gallon of Ice Cream from a name-brand-you will easily be able to identify the spread.

Buy Food in Bulk

Buying food in bulk can save you money because things usually just cost less when you buy more as a general rule of them. Check with your employer to see if a membership to bulk chains like Costco or Sams is provided, and if not talk to your friends and family about sharing the cost of a yearly membership. Granola bars, meat, cheese and bread are all items that you can buy in bulk and save money. Even if you have a small household, you can divide bulk items after purchase and freeze them for later use. If you are regularly shopping at low cost grocery stores, especially Aldi, you may already be getting your food at these bulk prices, in which case the only reason to shop at Costco or Sams would be an increase in quality for the same actual cost.

Know how to identify super-bargains. At Costco, ".97" at the end of a price generally indicates discontinued or slow-moving products. At Sam's, a "C" at the end of the item number denotes a canceled item.

Shop Sales and Stock Up

Some people save a great deal of money clipping grocery coupons, and if you have more time than money, that is certainly the way to go. Unfortunately, most of us trying to weather the storm have no money *and* no time. If you are short on both, get in the habit of glancing over the local weekly grocery mailer quickly to see if any major sales (generally on meat and produce) jump out at you. Also, buy clearance and discontinued items that stores are unloading, usually for a loss. At Costco, .97 on the end of a price indicates a discontinued item. At Sam's, look for a "C" at the end of the item number to indicate the same thing. Also, Costco sells most of their holiday merchandise at a dramatic discount at the end of the holiday season, while Sam's does not. A good rule of thumb for shopping sales is that if an item you are buying happens to be on sale, buy 4 or 5 of them, even if you don't need them in your menu planning this week. You will gradually acquire a tidy amount of food storage, that you can use on the weeks or months when the grocery budget runs short.

Avoid High Calorie Foods, Snack Foods, and No Prep Foods

Unfortunately, a general rule of food is that if it tastes good, it's probably bad for you. Another, perhaps lesser-noticed rule, is that *if it tastes good, it probably costs more*. Add to that the rule that *if it's convenient, it probably costs more*, and you have a good idea which grocery aisles are likely to be leaking water into your budget. It is absolutely astonishing how many people will go to great lengths to save .50 cents off shampoo, detergent and trash bags, and then turn around to blow \$2.50 on a bag of M&Ms without batting an eye. In case you haven't noticed, candy is *expensive*. So are Twinkies, donuts, chips, cookies, soda, ice cream and most other perennial household favorites. Cutting out the snack foods and sugar foods will not only improve your health, it will plug up a major leak in your financial vessel. In addition to avoiding snack and sugar foods, you can also save money eliminating instant preparation foods. Frozen pizzas, microwave meals and instant serving foodstuffs cost more. Groceries are like so much else that is high cost in our market today, you pay a higher price for convenience, and when you're trying to take cover under a shrinking financial umbrella, that's just one more bill you can't afford to be paying.

E. Reducing Your Clothing Bill

Everybody likes to look good. Every man likes the way women look at him when he's dressed well. Every woman likes the way *both* men and women look at her when she's dressed to kill. Let's face it, ever since the first caveman tacked together his first fur covering, clothing has been a drool-worthy accessory. In fact, too many of us love looking good so much, that we completely fail to regulate our finances when it comes to buying clothes, regardless of the state of our financial vessel. As long as we're wearing designer when the ship goes down, it's all worth it. The following suggestions on how to

plug the leak in your clothing budget are realistic approaches on how to dress for success *and* a roof over your head.

Keep The Clothes That Don't Fit

One of the fastest growing consumer retail markets in the US today is plus-sized women's clothing. As women gradually gain weight, their old clothes cease fit as well as they would like. Unfortunately, instead of hitting the gym, most of us hit the stores. We continuously buy more and more clothes just one size bigger, just one fabric more flattering, in the mistaken quest for a silk purse to cover our sow's ear. This is what is known as compulsive shopping, and most of its victims are chubby women looking for clothes that hide what we want hidden. The then results in a closet full of too-small clothing. What do we do with that clothing? All those painful reminders of a slimmer day? We give them away, we get rid of them. Hundreds and hundreds of dollars of clothes either sit in boxes or on thrift store shelves, all around the nation.

And then comes part two of the story, when we wake up, smell the coffee and hit the gym. Suddenly we are losing weight and feeling great! There's only one problem-our 'fat' clothes are too big for us now. Our previous wardrobe is long gone, so what do we do? We 'reward' ourselves by going and buying a newer, slimmer wardrobe. After all, we must have some clothes that fit! And no purchase feels quite so righteous as a new pair of jeans in a smaller size.

Ladies, stop the madness now! First of all, begin by telling yourself that the simple fact of the matter is that in financial times like these, you simply cannot *afford* to gain weight- from a purely monetary standpoint. Make it clear to the donut-loving part of your soul that there will be *no new clothes* purchased should the old ones happen to stop fitting. And all those clothes that you may have grown out of? Well, if you can catch the Goodwill truck, grab them back, wash them, fold them, and store them in neatly labeled bins according to size. Neat, tidy, and ready to receive your slimmer self. (If, after 5 years, you have not slimmed back to fit those previous sizes, you may then donate the clothing. If you are losing weight, it is equally, if not more important to hang onto your plus-sized wardrobe. Should you come to need them at some future point, your wallet will thank you. (The same 5-year rule applies). We know this suggestion runs contrary to every organized living and de-cluttering article you've ever read, but the fact of the matter is that sometimes 'clutter' is just money in a different form. Although this system may require finding a different weight-loss reward than clothes shopping, in the long run you will be far more appropriately dressed for rough financial weather.

Re-Sell Used Clothing

Now, we've already discussed the advisability of keeping your clothing for five years. But, should you for some reason need money badly, make sure you consider options before giving away clothing. If you are the kind of person that only buys name-brand clothing, chances are that your gently used clothing is actually still worth something. Find an upscale local thrift store (like Plato's Closet) that *purchases* used clothing. If the only thing actually wrong with your clothes is that they don't fit, don't be embarrassed to make some money off of them. You won't get back anything close to

what you paid, but some is better than none. Obviously, Goodwill and Salvation Army accept donations only, but ask around and open the phonebook to find someplace that purchases gently used clothing, both adult and child, if you have kids.

Shop Second Hand Stores

The other advantage to locating these upscale thrift stores, is that they make great places to shop yourself. The big national thrift stores often offer picked over, out-of-style and funny-looking clothes, which is where second-hand clothing gets its bad rap. However, name brand and designer clothes sold for a fraction of their price is a great place to discover a new skinny, or new fat wardrobe, if you have either sold or donated your previous clothes. Garage sales in this day and age are usually pretty sketchy as far as clothes go, unless they specifically mention it in their advertisements. However, Craigslist.com can be a good resource for second-hand designer clothing.

Buy Quality Clothing

One of the common mistakes people make who are trying to plug the leak in their clothing budget, is to buy clothes from low-cost retailers (i.e. Walmart, K-Mart, Target). Unfortunately, that is one way to drive up the cost of your clothing budget in a hurry. It is important to realize that quality clothing will make up for in durability what you pay in price. Poor-quality clothes lose shape and color after a few washings, and often shrink in size in odd ways, rendering them funny looking. Learn to differentiate between high-quality clothing from name brands and designer clothing. With high quality clothing you are paying for manufacturing, thread count, washability, and above all-cut. The way clothing is cut is what makes it look good on your body, be you man, woman or child. High quality clothing will have more sizes, so you can find something accurate to the shape of your body, and will be made of good materials. Loose stitching, rips and stains are signs that an article of clothing hasn't even been able to endure the limited wear of the retail store.

*As a side note, if you have kids who are generally hard on clothes, it might be a good idea to shop low- quality, as they clothes are not going to last unstained or un-ripped for longer than six months anyway.

Less Is More

When finances are tight, you can save a lot of money by carefully thinking out your own and your family's wardrobes. Again, think quality, not quantity. Buy wardrobe staples, like jeans and khakis, that can be worn repeatedly without notice, rather than distinctive clothing (such as bright pink ankle pants.) Buy your clothing to be worn year round if possible. Shorts can only be worn in the summer, but long pants and jeans can be worn without comment both summer and winter. Purchase shoes that can be worn with every type of pant. A nice wardrobe for adult or child that will pass without negative notice or comment includes 2-3 pair of pants, 7 shirts, and one pair of shoes, and one skirt/dress for ladies and 1 button down shirt for men. If you limit yourself to these few items, and purchase them quality, your clothing budget leak can be plugged until such as time as you have more discretionary funds to divert there.

Alternate Season Shop

Everyone knows the absolute worst time to try and buy a swimsuit is in April. The swimsuit prices will be at their highest of the entire year. What is surprising is how many people fail to follow the swimsuit pricing trend to its logical conclusion about the clothing industry in general. If you need to replenish your winter wardrobe, shop March-June on the clearance racks, as the retail stores sell off their entire winter inventory for a fraction of the original prices. If you need to add to your summer wardrobe, shop October-December on the clearance racks. The fabulous thing is, it always, always works, because the retail stores always sell off everything in their inventory. Why don't they keep some for next year? Because next year they are going to pick new colors and new styles and convince the same idiots that bought a whole new wardrobe *this* year that they must do the same thing again next year, if they truly wish to be *in style*. Alternate season shopping for classic styles that will still look good for the next five years is the only intelligent way to approach such wholesale insanity.

Care for Clothing Correctly

An often overlooked way to reduce the cost of your clothing bill is to take the time to care correctly for your clothing. First, you absolutely *must* pay attention to clothing care labels! If it says wash cold-don't *ever* wash it hot. If it says tumble dry low, don't accidentally put it on high. Second, obey common sense rules of thumb. Don't ever, ever wash whites and darks together. Never wash colored clothing on any setting other than cold. Be aware that everything washed in warm water and/or tumbled dry on low *will shrink slightly*, if the item is a perfect fit, don't risk it no matter what the label says. Third, use your dryer sparingly. Dryers often shrink clothing. If the item is expensive at all, keep it out of the dryer period. Not putting clothing in an electric dryer prolongs their life dramatically. In fact, in our household the dryer is used for pajamas, underwear workout clothes, towels and sheets, and camping and play clothes. Very little of our outerwear actual wardrobe is put through the dryer in the interests of prolonging the life of the clothing. Fourth, invest in a good laundry detergent. Paying a little bit extra for a name brand like Tide is one place where not buying generic actually helps your budget.

Reduce Wear By Layering

Another way to prolong the life of your clothing is layer it. Find some cheap undershirts that fit like small, tight t-shirts, and wear them under all of your sweaters and other dry clean only shirts. Because the undershirts absorb most of the sweat and body odors, you will pay for less dry-cleaning, and your clothing will last longer. I layer even with my summer clothes, which lets me wear some shirts 2 or 3 times before they need a washing.

Become a Stain Remover Ninja

Finally, reduce how much your clothing budget is causing your ship to leak by taking the time and effort to remove stains on clothing correctly and immediately. Once clothing is stained, the first place you go is to the internet! This fabulous resource is laundry's best friend. Do a simple search on "How can I remove ____ stain" and read the results. These will tell you if you should use hot or cold water, or it should be treated with a spot-

stain treatment like Shout or OxyClean. Every stain is different, so take the time to search them all. For example, ivory bar soap works better than stain remover on blood and chocolate, but does nothing for berry stains. Instead, boiling water poured over the stretched fabric will get a berry stain out in seconds. How did I learn these things? The internet, of course.

F. Reducing Your Mortgage Payment

With the financial storm breaking over our heads, coming as it does on the heels of an unprecedented streak of real-estate boom and appreciation; homeowners are definitely feeling the brunt of it. You may be one of those folks that got in over your head on an 80-20 Arm, or someone who's been in their home for 15 years but due to a layoff or other income loss can't make the payment. As of the first quarter of 2009, 3.85% of all mortgages in the US were in foreclosure, and 8.22% were in default. Bottom line? The frightening statistics are showing that the gale force of this financial storm can literally blow the roof right off from over your head.

Eliminate PMI (Private Mortgage Insurance)

Private Mortgage Insurance (PMI) is insurance that protects the lenders should you default on your home loan. While PMI may have been very helpful in getting you into your current home, as it can allow buyers to purchase as home with as little as 3-5% down. However, PMI is also probably a large chunk of the combined mortgage payment that you are making on your house monthly. Therefore it is well worth your time to investigate what it would take for you to eliminate PMI. The Homeowner's Protection Act of 1998 allows you the option of terminating PMI, (and all that you are paying for it) as soon as you get 22% equity in your home. In addition your mortgage payments have to be current. If you have very bad credit history, have other liens on the home, or are in other ways considered a high-risk for loan default, even 22% equity and current payments might not get you out of it. But it's definitely worth checking into. You should also be aware that VA Loans, loans where the lender paid for the PMI, or government insured FHA loans do not qualify under the 1998 Act.

Consider Refinancing Your Home

Sometimes, especially when mortgage rates are as low as they are now, can really help you out, especially if you have some equity in your home. Refinancing changes the structure and terms of your home mortgage. After refinancing, your 'new' mortgage, will often have significantly lower payments than your old mortgage. It is important to be aware that this is not *a/ways* the case. It is also important to realize that using refinancing to reduce payments and/or receive cash is **ONLY** a good idea if it actually reduces your overall mortgage debt, not increases it. Use a good mortgage calculator and consult an expert before you do anything drastic. However, if your expenditure spreadsheet tells you your home mortgage is a leaky spot on your boat, refinancing might be a good way to go.

Candidly Assess Your Mortgage Position

Now, regardless of whether or not you are in default, it is important to look at your expenditure spread sheet and figure out what percentage of your income is going to paying off your home. How much is making that monthly payment stretching you? If you are having a hard time identifying any other leaks to plug, and your financial vessel is still sinking, it's time to re-evaluate your home. You might seriously consider about selling your home in order to get into a smaller, more modest home that might meet your same needs with a lot less stress. No one likes to downsize, but it is time to honestly evaluate the possibility of losing your home. If, after all you can do, your mortgage payment is still barely within your reach, face the facts now. It is far better to sell your home at fair market value and walk out with your heads high and something to show for your equity, than to have the bank repossess your house and leave you with nothing. There is nothing shameful in a calculated retreat.

Savvy Online Shopping

If you are one of those people who avoids shopping online because of the uncertainty or perceived hassle, your ship is leaking water in a dozen different places. The arrival of the internet literally changed the consumer market overnight, leaving the major department stores still struggling to adjust. Back in the old days, there were one, maybe two general stores in town, and the head of the household could run a personal tab at the stores. Today, the market is global, and savvy shoppers are using the internet to save significant amounts of money. The fact is, if you never shop online, you always pay too much.

Search for Online Coupons

The wonderful thing about the internet is that the major search engines like Google, Yahoo and Bing will do a lot of your work for you. You can simply type in a search query for the type of coupon you are looking for, and they will come up with dozens of results. In addition, there are several great sites dedicated solely to coupons, the best of which are ones that have an actual person sorting through the coupons rather than an automated system. Find your favorite, and check their results regularly to see where the biggest savings are. It is also important to realize that online coupon shopping is best for items that are over \$20-30 dollars. Most online coupons will be 10-20% off, which is only \$3 buck on a \$30 item, which could then be cancelled by shipping costs. However, if your ship is leaking badly, you can still find ways to make that \$3 off work for you by using free-shipping deals and site-to-store.

Free Shipping and Site to Store Shipping

Often, websites and online companies will offer free-shipping incentives and sales, as well as free shipping on promotional items. In addition, almost every internet company offers free shipping once your purchase is more than a certain amount. Consider combining your online purchase with a friend's or family member's who lives close to you in order to qualify for the free shipping a company offers. Also, always check to see if the company offers Site to Store shipping, a free option that ships your item from their warehouse to your local store. This works, obviously, only for big corporation, and not all corporations offer it. However, it can be a significant money-saver, so it's worth your time to shop those who DO over those who don't (i.e., Walmart over Target, Borders over Barnes and Noble, and Best Buy over Comp USA).

Determine Whether to Purchase Online or Offline

It is important to realize that online shopping is not always better or cheaper, just that it can be. Several factors should be weighed when determining how to purchase your product. Obviously, any impulse or urgent buy cannot be completed online because of the time required to ship the item. Planning your purchases ahead of time, especially big-ticket items, can save you a lot of money. Online shopping is most effective for expensive items, since items under \$10-20 dollars usually eliminate any savings by the cost of shipping the item. Online shopping works best for items that don't need to be

tried on, or touched in any way. Things like women's clothing and cologne are difficult to buy accurately online, unless it is a replacement purchase. You also want to avoid purchasing anything that can easily be faked or stolen. Items like jewelry, software and video games are often targets of online fraud. How much you know about an item will also factor into whether you want to purchase it online. If you are trying to decide which type of mattress or video camera best suits your needs, it can be very helpful to go to a store and speak to a knowledgeable sales associate. If you already know exactly what you want, online can be a great place for you to get it. Finally, the people that save the most money online are flexible. They know what they want, but if they see a great deal on something that is *almost* within their desired parameters, they act quickly and accept the cash savings over 101% wish-fulfillment.

Protect Your Identity

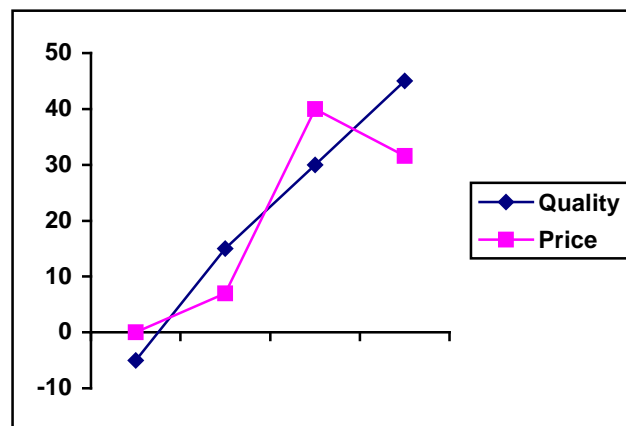
Finally, shopping online only saves you money and helps plug your leaks when you are careful about it! Make sure you always take the appropriate steps to protect your identity when shopping online. First of all, never enter credit card information into a website before checking the URL to make sure it is pre-appended with **https**. The "s" indicates that it is a secure website. You should also check for a small padlock icon (usually at the lower right corner of your browser). Without these indicators, do not proceed. Also, never follow links to a site given you in an email or other unprotected form of communication, always type the address of the site you wish to go to into your address bar. It is a very good idea to create a new email address just for junk mail, and anywhere that forces you to enter your email address before making a purchase, utilize this email. Then if you need to track your purchase or something goes wrong, you can open it up to track the info, but you don't get all the advertisements they send out crowding your primary email box. Always be on the look out for phishing and other scamming methods, and be smart about what information you give out where. That said, millions of people shop daily on the internet without ever encountering a problem. The internet is your tool to use wisely and carefully as you work to keep from being flooded in rough financial seas.

The Art of Comparison Shopping

Unless your ship is sinking, you will occasionally be making new purchases. It probably won't surprise you to here that most Americans lose incredible amounts of money by their unwillingness to shop around! With so many financial vessels capsizing, very few people in today's economy have the ability to purchase new things that don't relate directly to food and shelter. This section is mostly for people who have so successfully weatherproofed their financial vessel that they do have a little extra cash to get new furniture, new electronics, new clothes etc. If this is you, congratulations! You are currently in what is considered a 'buyer's market,' which means that since you are one of the few with cash to spend, *everyone* wants your business, putting them all in competition for your dollar. In the middle of a financial storm, not taking the time to comparison shop is like setting a stack of dollars bills on your ship-deck and just watching the wind snatch them away. Before you plunk your money down, make sure that you are getting the best quality for the best price.

Know What You Want

The first step to any successful venture in comparison shopping is to know about your product. Know who the top manufacturers are, and know what features you want. Going into a store without knowing enough about the product you want is like wearing as sign for the salesman stating "take me for all I've got, I'm stupid." If you clearly know what features you want, refuse to pay for additional fru fru. For example, if all you want to do on your DVD player is *watch DVDs*, you can get one that will work for 5-10 years for \$20! Obviously, it's not going to record or play BlueRay or HiDef, but if you don't care about those features, you can easily finding yourself paying \$100, when \$20 would have worked just fine. In addition, you need to determine the lowest acceptable quality of the item, and work from there. When you are ready to make your final decision, you can then take the lowest price for the highest quality.



As the chart indicates, price generally increases with quality, but will go up and down based on major sales, or various distributors. You are looking for an area in which best acceptable quality intersects with the lowest price. For example, if you are unwilling to

accept anything lower than a 30 in quality for laptops, your best price also hits at just above 30. However, if a 10 is good for you, than your best price will be lower.

Compare Apples To Apples

Make sure when you are comparing prices, you are also taking into account the features that are offered, as well as the quality. For example, you can't just compare the price of a used, basic mattress price with the price of a brand-new mattress featuring spring isolation technology. Usually it will be difficult to draw comparisons straight across the board, because most products will differ slightly in look, feel, quality, features etc. (Mattresses, furniture, clothing etc.) Electronics tend to be simpler because it is easier to find multiple stores carrying the exact same item, but even some electronics, like a personalized PC, are specific enough that you have to use a rough comparison instead.

Buy Refurbished

One of the only exceptions to the Apples to Apples rule is refurbished electronics. When refurbished by the manufacturer, an important distinction to be sure of, refurbished items are just as good, if not better, as their brand new factory counterparts. A refurbished laptop or camera has had every part and connection double-checked, as opposed to those coming off the factory floor, which have only been spot-checked. In addition, the vast bulk of refurbished electronics have not actually had any difficulty at all, they have just been opened and then returned, which slotted them for mandatory refurbishment before they can be resold. Therefore, you *can* price-compare a refurbished item of one brand with a factory new item of the same brand. You do need to be aware of warranty differences between the refurbished item and its brand-new counterpart, as the refurbished warranty can be for less time, or cover less. However, if the warranty differences are worth the cash saved (which they generally are) go ahead with the purchase. As a rule of thumb, it is a much smarter purchase to get a better brand refurbished than a cheaper brand new.

Know Your Supplier

It is very helpful when comparison shopping to be somewhat familiar with your supplier. Know what they offer, and how their pricing works. For example, if you are building your own computer system, going to a small, local electronics vendor will probably be much cheaper than going to Best Buy. However, you want a knowledgeable salesperson, Best Buy has some of the best-trained staff in the industry. If you are going to buy electronics from Walmart or Sam's, get out the magnifying glass and start reading the fine print. Something that looks the same as anywhere else probably has some different specifications. Walmart has such a large distribution network that the name brands can set up an entire factory line to create their product with less features, durability, memory, pixels, etc. etc., just to supply to Walmart. When shopping electronics, name-brand from Walmart will have slightly less of *something* in it than the same name-brand from somewhere else. However, if whatever specs are different don't matter to you, it's not really a problem. Just make sure you are aware of the difference. Lest you think we are bagging on Walmart/Sams, the best quality diamonds and rare stones can be often be found at Sam's (or Costco) for the best price. It is not unusual

for Diamonds from Sam's and Costco to be a higher quality, clarity and cut than almost any of your local jewelers, for a much lower price. Knowing your supplier is an important element of accurate comparison shopping.

Check Online AND Offline Retailers

A common mistake people make is to only check the price of their item in one market. Generally, people only check their local stores, and fail to see if an online distributor can beat their price. However, as people become more familiar with the internet and comfortable shopping online, we are beginning to see the opposite happen. It is equally foolish to ignore major holiday sales, and going-out-of-business sales that occur locally, as these prices often drop low enough to compete with the internet retailers. Also, salespersons at the local stores may be authorized to offer price decreases. Remember, they are all competing for money of a very small pool of fiscally responsible individuals. Online stores that can save you a lot of money, especially on electronics, would include Newegg.com, SecondAct.com, and DollarDays.com. In addition, there are a number of good websites that compile and compare data for you, like, shopzilla.com, pricegrabber.com, bizrate.com and nextag.com. Offline stores where you can save a lot of money, even without sales, are ones that buy in bulk from specific, generally high-quality retailers, and then sell those items at a discount. Stores like this would include Big Lots and World-Wide Liquidators for miscellaneous items, and Ross and TJ Maxx for clothing. Finally, make sure that you check Craigslist.com for your area before every major purchase, as individuals selling their items used vastly undercut even the lowest retail prices. (See the section *Craigslist Crash Course*.)

Craigslist Crash Course

Craigslist.com is an absolutely incredible resource that only gets better as the economic storm gets worse. For the uninitiated, Craigslist.com is a website originally started by a man named Craig Newark in San Francisco, where it began as a private email listing of for-sale items in 1995. The internet boom came just in time, and in 1996 Craig moved his list to the web, and expanded it to include the entire Bay area. As of 2009 incredibly rapid expansion has resulted with Craigslist.com services being offered in 570 cities in 50 countries worldwide.

What is Sold On Craigslist?

Craigslist today sells anything and everything. Although it is only truly feasible for those who live in the metropolitan areas it services, Craigslist functions as type of massive online garage sale for the exchange of both goods and services. Craigslist can be used to find furniture, appliances, electronics, cars, clothing, antiques, sports and theatre tickets, wedding and holiday decorations, gym memberships, cell phone contracts, and much, much more. In addition to goods and services, Craigslist offers some things *not* found at a garage sale. The job listings on Craigslist are for-profit to post, and free to browse, and are becoming a force to be reckoned with in the US national job market. Craigslist also includes discussion forums on a variety of local and international topics, and thriving housing market with for-rent and for-sale listings rivaling any local resource. One of the best ways I use to stretch money farther in tough times is to check Craigslist before I make *any* major purchase. And by *major purchase*, I mean anything that costs more than \$10. Even if I think 'no way would anyone be selling this,' I check Craigslist. I find I am consistently surprised. And to be honest, I do the same thing in not-so-tough economic times. It just my way of plugging leaks ahead of time.

Where Do You Save The Most Cash?

The used car market on Craigslist is good, but with offers that can usually be matched from a local paper. But when you do find a gem listing (usually by people who don't want to pay to advertise) you can save big. Another unusually convenient commodity found on Craigslist are transferable gym memberships. You get out of the activation fees and a long service agreement, they get out of their contract. However, finding new furniture and appliances is when Craigslist starts to pay truly astonishing dividends. For example, by personally shopping on Craigslist, I purchased a brand new, factory-wrapped mattress that retails at \$5,000 for \$800. I also purchased a couch and loveseat in new condition for \$150, and have my eye on a great new deep-freezer. Essentially, I rarely buy furniture or appliances new anymore. Did I mention the 2 loads of firewood we got for free off Craigslist? Enough to heat our house the whole winter! I also make a lot of money by selling anything old that we have on Craigslist. Before donating it or sending it to the dump, I list it first on Craigslist. It's completely free, and one man's trash is another man's treasure!

Tips For Shopping Craigslist

Good deals go quickly. Checking to see how long the ad has been on Craigslist can tell you if something you might think is a good deal actually isn't. However, there is always the possibility that no one but you has been looking for quite the same thing, remember, trash=treasure and all that. One of the most effective ways I've found to shop Craigslist is to decide what I need, and then check the Craigslist search results for that item daily at 10 AM and 8 PM. I also usually use 2-3 searches for the same item. For example, if I'm looking for a couch I search under "couch," "loveseat" and "hide-a-bed." Usually I find what I want at a price I like in an ad that has been up only 1-2 days. Often great deals show up when people are moving and need stuff gone right away, so it's a good idea to have a friend with a truck who can go with you to get it right away.

What Should You Avoid on Craigslist?

Personal Ads on Craigslist are much less controlled and vetted than on almost any other venue. Do to their lax regulatory measures, the personal ads section on Craigslist has become a hotbed for prostitution, escort services, sexual perverts, child stalkers and pornography peddlers. Do yourself a favor and stay far, far away.

Protecting Yourself on Craigslist

After you post a listing Craigslist will take your email address. People interested in your item send an inquiry through Craigslist. You then have their email address, and you can contact them to arrange a time and place to meet. Be aware that if you are listing something and you reply to a query, you are authorizing that person to see *your* email address. In addition, use your common sense and never pay for anything before receiving the item (and testing to see if it works), and only accept cash for items you are selling. If you are purchasing and they don't have a picture of the item posted, do yourself a favor, email them via Craigslist and request they send you pictures before making the drive to see what could be a piece of junk. And if a picture doesn't clarify it enough, make an appointment to go see the item, and make it clear that if it is unsatisfactory, or not as described, you will not be purchasing it.

Saving Money on Entertainment

We all love to have a good time. Regardless of how rough the financial weather is getting, one of the hardest things to curtail is our thirst for entertainment. The bottom line is, we *like* going to the movies, theatre and concerts. We *like* eating out, hanging out and traveling. And so, while scrambling frantically to plug other leaks, we let these particular holes continue to gush water. The following are some simple suggestions on how you can still keep yourself and your family entertained, without losing vital cash to the least vital activities.

Curtail the Movie Theatre Mania

Almost everybody loves movies, and 'going to the movies' is one of the primary social and entertainment activities chosen by the American public. If you regularly plunk down anywhere from \$8.50 to \$14.50 *a week* in order to see the latest and greatest film releases, congratulations, you are in the majority. Unfortunately, if your finances are barely limping along, you are also in the majority. Even if you love movies, learn patience young Jedi! Many communities best preserved secret is a dollar theatre. With general inflation, the dollar theatres are rarely truly "one dollar," but \$1.75, \$2, even \$3.50 is far, far better than the alternative. Simply by forcing yourself to wait 2-3 months to get behind the crashing wave of new releases, you can see every movie at the dollar theatre and get the entire big-screen, surround sound 'going to the movies' experience for a fraction of the cost. No you may not know about the movie all your friends are talking about, but if you get your friends, (who are probably equally cash-strapped), hooked on the dollar theatre to, than you'll all be talking about the same movie at the same time!

If you don't know if your area has a dollar theatre, probably the easiest place to check is on Yahoo.com's entertainment section. Look up theatres by your zip-code and then check the listings to see which one is playing movies that were released a couple months ago. Bingo, that's your dollar theatre! If you don't see one on the first page of theatres, click the next page, which will take you progressively further out geographically, until you either find a dollar theatre or are out farther away than you wish to travel. If your community truly does not have a dollar theatre, you have my condolences. And you might want to consider starting one!

Use Your Local Library

If you are in the habit of purchasing books to read, start using your local library. In fact, most good municipal libraries also have a DVD and VHS loaning system. Some will charge a small fee, and some are free, depending on your community, but it is well worth looking into.

Rent Movies For Less

Stop paying anywhere from \$3 to \$5 to rent a movie from one of your classic rental chains like Blockbuster or Hollywood Video. Find out where your local Redboxes are and pay just a dollar for the rental. Yes, it might be a hassle to return it in 24 hrs, and

you might have to try a few times to get the really popular recent releases, but a little hassle can add up to a lot of money, and you are trying to justify spending *any* non-essential cash, remember? Another fabulous way to get your movies for a lot less depends on how much you spend renting a month. If you and/or your family is going to rent 10 movies a month from Redbox, or 2-3 a month from somewhere else, Netflix and save you a lot of money there as well. You can use BlockbusterOnline, but they're a lot more expensive for worse service. The only downside to Netflix is the lack of ability to impulse-rent a film when you happen to have a free evening, since you have to plan your cue, and their film selection for immediate-play via the internet is very limited. In addition, popular new releases are hard to get on Netflix.

Cancel Cable

I know, I know, it sounds like a drastic step. But consider it. You will save A LOT of money, you can probably get your friends to TiVo any shows you can't get locally, and you'll probably have more time to be truly productive. If you're worried about what your kids would say-remember, you're the parent. Another trick I use is to watch my favorite shows while on a treadmill at the gym, that way the gym picks up the cable bill, and I lose weight and save money simultaneously!

Fast Food Money-Savers

Eating out can really drain your pocketbook quick, but it can be a hard habit to break! First of all, let's address convenience eating out, things like grabbing fast food or ordering a pizza instead of cooking. I have two words for ordering pizza, *Little Caesar's*. The pizza quality is good, and you pay \$5 instead of \$15 or \$20. As for the other fast food, if you're going to a sandwich place like Quizno's or Subway, order the footlong sandwich. You get more bang for your buck that way. Carefully wrap half up half of the sandwich and refrigerate it at your home or office, to make another meal entirely. Also, if you are eating at Subway or someplace like it, ask for every single vegetable you like, whether you like it on a Sandwich or not. Get a free water cup, sit down at your table, pull the veggies off your sandwich, and Voila! You have a salad. For other Fast Food, never ever order an entire meal. Don't take a *number* ANYTHING. In fact, learn to ignore every food they serve that *isn't* on the dollar menu. Remember, eating fast food is generally a measure of convenience to ease hunger, it's not meant to be a gourmet experience. Therefore, why pay \$6 for a package meal, when you can grab a burger and fries off the dollar menu for \$2. Most of what you'll miss is the soda, and it's bad for you anyway.

Fine-Dining For Less

The number one way to save money while eating out, is to agree on an entrée, and share it. (We're assuming you've already caught on to skipping the appetizer, remember, the goal is to be able to actually consume everything you're paying for.) Sharing an entrée is extremely simple, just indicate to your server you would like an extra plate-and it's done. (Please do not ever tip *below* 15% if you are sharing, as you did just cut your total bill in half, and they have almost the same effort). The classier

restaurants will even split the entrée in the kitchen for you. This is the USA my friend, which means most restaurants routinely serve massive portions that are far larger than is healthy for any one person to consume in their entirety. In addition to that, most places bring around bread baskets, and are happy to bring more if you run out. If you are a part of a larger party of friends and are concerned about feeling embarrassed, make up a happy hour you just came from, another dinner you still have to go to, an upset stomach or some other reason. Hopefully you have friends who don't really care what you eat or how you choose to save money, but, just in case, the above excuses work great.

In addition, consider eating out at lunch time rather than dinner time, because lunch prices are usually less than dinner. Also, a number of places offer lunch specials, and occasionally dinner specials, pay attention to advertising on TV, billboards and within the restaurant menu that can tip you off to low-cost options. Happy hours are also good times to actually consume *food* (rather than copious amounts of beer) as establishments often discount their food during that time of day to draw customers for the more expensive alcohol. In addition, some places, Applebee's comes to mind, discount their appetizers after 9 pm, when their rush dies down. Finally, always, always ask for a box to take any leftovers home. Leftovers can make fabulous next-day lunches and/or snacks-well worth the inconvenience of carrying it out, and need we remind you, you already paid for it.

The Entertainment Book and More

If you are someone for whom entertainment is an absolutely necessary part of your lifestyle, than purchasing something like the Entertainment Book can save you a lot of money. The Entertainment Book is a compilation of coupons for restaurants, movies, tourist attractions, shopping, groceries, travel and more. Many of the coupons are 2 for 1 or a similarly significant discount, and an extremely diverse and a complete listing of merchants participate, including your favorite stores and restaurants. Whether you purchase the Entertainment Book or one of its competitors, it can be a way to save mega money. But a word of warning, you have to be willing to find the coupons in it, and remember to use them, or it's simply not worth the money.

Community Events

Find out what community events are happening. Often, especially in the summer months, communities feature free concerts and theatre events. Fun things like outdoor movies in the park can create memories that last a lifetime. Often museums, gardens and historical sites will have a free day, or free hour that is open to the community. Local college campuses are also likely to have a multitude of free events. The bottom line is, entertainment doesn't have to hurt your bottom line! All it takes is a little ingenuity, and the understanding that what you pay for is often the convenience, not the product. For those willing to put the effort into it, you can get the same product, for less or no money! Life can still be a barrel of laughs with your wallet intact.

Get Creative

Finally, one of the best ways to save money on entertainment is to learn to entertain yourself. Start playing the board games you loved as a kid, you'll be surprised at how many of them are still fun! Start a weekly or monthly game night when you have friends over and play cards and board games-it's a way for everyone to have a good time without paying out any cash. You can also take turns hosting Murder Mystery Dinners, another fun way to enjoy an evening with friends that is refreshingly original. If you need to purchase the Murder Mystery Game it can be higher cost, but enough people have them that you could easily borrow one to host the evening with. Also, start enjoying the great outdoors, which never charges an admission fee. Go hiking and camping, fishing and swimming. Float a river in the summer and go sledding in the winter. Find ways to server your neighbor and your community, and learn to volunteer. One of the best ways to see otherwise expensive theatrical shows is to volunteer as an usher for the evening. After you are done handing out the programs, you usually get to slip in to see the show!

Intelligent Credit Management

In hard economic times, many people discover to their sorrow that their credit, while good enough to keep them afloat in calm waters and sunny weather, is *not* sufficiently good to keep them on top when the winds and waves get stormier. Banks, credit card companies and other lending institutions have creditors and stockholders they have to keep happy. So, their first actions in a financial recession or depression are 1) raising their interest rates to increase their revenue and 2) getting rid of the dead weight, debtors with low credit scores and bad payment history.

Improve Your Credit Score

Improving your credit rating should be the number one focus of all consumers who are financially intelligent. Your goal should be a perfect or near-perfect score. Of course, this is almost impossible to achieve, but that shouldn't stop your striving for it, even when the skies are blue. There are five parts to a credit score, *payment history, amounts owed, length of credit history, amount of new credit, and types of credit in use*. It is important to build your credit score in good times, so that you can survive the bad times. Now that we're smack dab in the middle of the 'bad times,' anyone with a low credit score needs to get it higher, fast. Making on time payments, and paying more than the minimum payment are ways to maintain your credit score, although they will not usually raise it. And remember 'on-time payments' *includes* your mortgage payment, car payment and credit card payments-believe me, the credit rating agencies are well aware of everyone you owe money to.

Another way to maintain your score is to avoid opening any new credit card accounts. Every time you attempt to open a new account, your credit score is pulled. The more times your credit score is queried, the lower your credit score goes. (This *includes* accounts at retail stores like GAP or Macy's). By maintaining your credit score, you will eventually raise it, as the actions that caused to drop get farther in the past, and gradually fail to show up on the standard query. As it is difficult to suddenly find 'good debt' to acquire, or to magically make your credit history longer, you are basically limited to the 'amounts owed' area if you want to increase your credit score. Therefore, essentially the only way to raise your credit score rapidly is by paying down your debt rapidly.

Increase Your Credit Approval Limit

Unfortunately, surviving in the midst of a financial storm, even plugging leaks as fast as you can, does not normally leave you positioned to pay down your debt in a hurry. However, if you can't decrease your debt *actually*, you can still perhaps decrease it *proportionally*. If you have a high credit rating, and you should pay one of the credit agencies to check your score in order to verify that you do, then you can increase your credit approval amounts on your credit cards. Call the credit card companies and ask for double your approved amount if you currently have between 1,000 and 9,000 approved, and for triple if you already have 10,000 or more approved. All they can do is say no. But if you have good credit rating, they will probably say yes. If you owe 1,000

on a card with a 4,000 limit, a credit rating company still sees you as $\frac{1}{4}$ leveraged. But if you owe 1,000 on a card with an 8,000 limit, you are suddenly only $\frac{1}{8}$ leveraged. You haven't actually had to find the cash to pay anything down yet, but you have increased your credit score.

Unfortunately, this strategy only works for people with very, very good credit already. We cannot emphasize enough that if you have bad credit, do NOT TRY THIS. Asking a credit card company to review your account when you have bad credit is handing them an engraved invitation to *decrease* your credit limit. In addition, do not do this if you lack self-control. Increasing your credit approval amount is only a good strategy when you *do not use* the credit that you have made available.

Reduce Credit Card Interest

Another strategy that might work, again, only if you have good credit, is to reduce the interest that is being charged to you on your credit cards. If you have a high credit score (NOT if you don't) you can call your credit card company and ask for your interest rate to be reduced. Tell them you received a card with a better offer (one of those 0% for 6 months will do) and are going to switch if they can't do anything for you. They will check your credit score, and, depending on their current policy and their position in the financial storm, will either say yes or no. Either way, it won't hurt you, and you might catch a significant break in interest on what you do owe.

Eliminate Consumer Debt-Start Bailing Water

For those of you who do *not* have good credit, which is the vast majority of us out here on the open seas, you can't increase your credit approval OR decrease your interest rate, which leaves you with the painstakingly slow process of building a better credit history. At this point in the US economy, consumers with a low credit score not only need to plug their leaks, they need to start bailing water. If you have high amounts of consumer debt, usually manifest by overloaded credit cards, it's time to get rid of it fast. You can look forward to having your interest on those credit cards double, or triple, if it hasn't already. Grab your big screen TV, the new furniture, new car etc., and toss them overboard. Sell them at a loss, move to a smaller home, do whatever you have to in order to a) stop paying on them and b) get a little extra cash to pay down or pay off your credit cards.

Creating a Successful Budget

One of the best ways to weather the financial storm is to create a successful budget. A budget is only successful if it is one that you can stick to, and one that improves your financial position by reducing your expenditures. Creating the financial expenditures spreadsheet we talked about in the first chapter *Identifying Where Your Ship is Leaking* is the essential first step to creating a budget for yourself and your household. After you ascertain where your money is actually going every month, and then identify areas where you are leaking money, you can use strategies listed in the preceding chapters to plug the holes. Your budget will indicate the dollar amounts that you either can or will allot to each area, which will enable you to focus on which leaks to plug first. If you are leaking water so rapidly you are sinking, then it might be time to consider working another job, or switching careers. The budget you and your family create functions as the general architectural plan for your entire financial vessel, allowing you to run truly shipshape and Bristol fashion.

Use Long-Range Goals and Planning as the Basis

Your budget should include long range planning and goals, like where you want your savings account and your 401K and Roth IRA accounts to be at 5, 10 and 20 years from now. This will then tell you what contribution you need to budget monthly to achieve those goals. These goals will form the backbone of whatever budget model you choose to utilize. You are much more likely to be successful in implementing your budget if you have a clearly defined idea of where you want to go. It helps to not just include dollar amounts in this goal setting, but to clearly picture what reaching your projected totals in your Roth, retirement and savings will enable you to do.

Make it Fun

If you are having difficulty sticking to your budget, chances are, it has become the dreaded *B* word around the household. Simply saying “we can’t do that, we’re on a budget” or “we can’t go, we’re trying to save money” will get anyone depressed in a hurry! “Trying to save money” without a budget is like trying to lose weight without exercising, a lot of hopeful planning, followed by guilt, lack of results, and finally defeat. However, with the right attitude, sticking to your budget can build a financial physique to be proud of. Putting a positive spin on your budget can be as important to its success as structuring it correctly! Instead of saying “we can’t do that,” focus on saying “how can we restructure our budget so we *can* do that.” If you really want to go on a cruise, structure your budget to make it possible. Eliminating eating out for 6 months can be easy to do, if you know it is enabling your week in the Caribbean! Build in rewards for your successful achievement of goals, and make the money-saving process fun. If you are operating your budget correctly, the thrill of success you get is usually sufficient incentive to continue. When you have definite goals you are meeting, as well as incentives for under-spending, budgets are a blast!

Keep it Simple, Flexible and Schedule Upkeep

A common reason budgets fail is because they are too complex to actually work within the parameters of real life. If the budget you choose requires too much time or effort to upkeep, chances are that you won't do it. Know your limitations, and make your budget a simple one that you can easily adjust and update. It is a really good idea to schedule a certain time every week that you will update your budget, to ensure that it gets done, and also determine that you are still on track. Keeping your budget flexible is important, because every week/month is different, and nothing ever goes as planned. The ability to adjust your budget to meet unexpected expenditures is important. However, remember that the key word here is *adjust* not *abolish*. If you need to put more money than expected in a particular expenditure category *you have to remove it from another category* and adjust your spending accordingly. Eventually you will be so aware of your spending patterns that you will be able to tweak your budgeting amounts so that leftover funds from last month's low cover this month's high within the same expense category.

Have an Emergency fund

Adjusting your budget to deal with the highs and lows that occur from month to month is one thing, but another common budget crasher is the onset of a true emergency expense. Unexpected illness and accident will come to all of us. Plane tickets for funerals and last minute family weddings will need to be bought. Cars will need to be replaced, root canals will need to be paid for. Although some contingency planning and foresight can help you budget for these items, it is also important for you to maintain an emergency fund. Until you build this emergency fund, putting cash towards it is an essential part of your budget. Decide how much you will allocate monthly until you build this emergency fund, and once it is there, *don't touch it* except in case of true emergency. An emergency is something that you cannot adjust your budget to cover, an expense too large to be dealt with by reallocating some dollars from another expense category. An emergency is something that, without an emergency fund, would blow your budget to h*ll and back. *That* is when you can use your emergency fund, and why you need one.

Learn to Say NO nicely

Some of the biggest challenges to individuals and families trying to stay on a budget come from their friends and families. Those who should be most invested in ensuring your success might be the one's who ridicule you for being 'cheap' or over-concerned about money. Unfortunately, anyone not concerned about money in these financial times is likely to be washed overboard! Learning to turn down kindly but firmly participation in expensive activities that are outside of your budget is an essential budgeting skill. Since most of the budgeting pressure gets applied for social activities, it's hard to say no without looking anti-social, unfriendly, or holier than thou. Saying 'we don't have the money to do that' especially gets tricky when you are obviously financially better off than those suggesting the expensive activity. (Although your budget might just explain *why* that is, it's unlikely they will see it that way.) It can help smooth relations if you develop a portfolio of non-expensive activities and dining options to counter-suggest; BBQ-ing at home instead of a steakhouse, a movie from Redbox instead of Cinema12. Also, don't be afraid to state your end goal in the same sentence as your refusal, "we can't go to the concert, we're saving for a cruise."

Popular Budgeting Methods and Tools

If you have not previously done a budget before, there are a number of ways to begin. One of the simplest, and therefore excellent for new budgeters, is the Envelope System. The envelope system is something that has been around for decades, which has recently been made popular once again by financial strategist and advisor Dave Ramsay, author of *Total Money Makeover*. The premise behind the envelope system is simple, that people do better with money they can see and feel than with abstract figures in a column. With the envelope system, you use the financial spreadsheet we created earlier, and make each one your expenditure categories a separate envelope. After determining how much money you have to spend in each area, you place the appropriate amount of cash in the envelope. As you spend throughout the month or pay period, you remove the cash from the envelopes. If you run out of money, you stop spending. This system is very effective for first-time budgeters, and also carries with it the built in reward of spending any money left in the envelopes at the end of the month for a much-desired luxury.

With the increase of spending that never requires a cash transaction, a popular variation on this method is to use play money in the envelopes instead of actual cash. The same principles apply, but you can still complete your actual transactions via debit card and direct transfer. Play money can be printed for free at a number of online sites, just do an internet search and pick one you like. Another variation of this system is the Mvelopes online system. It uses the same general guidelines, except it is all virtual, and requires a yearly membership fee to use.

The simplest budgeting tool is just to use a blank Ledger Sheet, easily obtainable for very little money. On the ledger sheet, list your expenditure categories in the columns, and every time you deposit or debit from that category, record it, tallying on a regular basis to be aware of your totals. It doesn't get simpler than that-but it is rather tedious and time consuming. Other popular budgeting tools and methods available today are You Need a Budget Pro (YNAB), Quicken, and Microsoft Money.