



# Extension News Column

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Saving money is a habit. But there are some strategies that can help you save money.

Remember that Ben Franklin said, “A penny saved is a penny earned.” But update that maxim to the current time. With our current tax structure, you have to earn 1 ½ to 2 cents to spend a penny. Before you spend any money, add the cost of taxes and then ask yourself if it is worth it. Some people like to turn costs into hours of work. Is that new car worth 20 hours of my time each month?

Try to go a certain period of time and not spend a cent. No coffee at the corner or sodas in the vending machine. Go a week without spending any money and you’ll get very creative about how to keep from squandering your hard-earned money. You might have to bring your lunch from home or brew your own coffee, but you’ll get better at not spending. And you will be thinking about what is necessary to buy.

Think about what you buy and reconsider all those purchases. The typical shopper regrets more than half of their discretionary purchases. So stop the regret by not purchasing items to begin with. Put a moratorium on spending on anything more than \$10. Wait a week before you purchase items that cost more than your limit. Then you’ll know if you truly need that purchase.

If you do buy something, reevaluate it within the time the item can be returned. Often, we purchase something and decide to return it, but don’t do it within the 30-day return period. That is money wasted.

Consider who you are hanging out with. If you are going to the store, go with people who are frugal. They will be less likely to derail your no-spending resolutions. If you go with free spenders, you will likely spend money as well.

Little expenses are not the place to scrimp. Many of us eliminate the small, daily expenses that add up over time. But when you cut that small luxury, people often feel mistreated and end up spending more later. In fact, if they skip their \$3 morning cup of coffee, they usually waste that \$3 on something else later in the day.

Big expenses are easier places to save money. Think about what you spend on a car. Here is a good place to save some money. That new car will depreciate 15 to 20 percent during that first year. That adds up to a big hit on the value. I checked on Edmunds.com and it stated that the average car in 2011 sells for \$29,873. You drive it off the lot and it is worth \$2,559 less or a 9 percent drop in driving one mile. That is a hit. The better idea is to buy a used car and let someone else take the hit for the depreciation.

Make spending money hard. Decide to only spend cash, then you will automatically reduce your spending. In fact, when you spend cash, the average consumer will automatically reduce the amount spent by 20 percent. It is simply harder to hand over the long green. It is easiest to spend money when using a credit card, followed by using a debit card. It is still harder to spend money by check because you have to think before writing out that check. So the harder it is to spend money, the less you will spend.

When you are considering how hard it is to not spend, take a few minutes to consider how lucky you are to have money to spend. Volunteer at the homeless shelter or the food bank and you'll begin to think about how lucky you are to not have to use those services.

Saving is a habit, but it is also a state of mind. When you set your mind to not spend and use these strategies, you'll find your bottom line increasing.

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