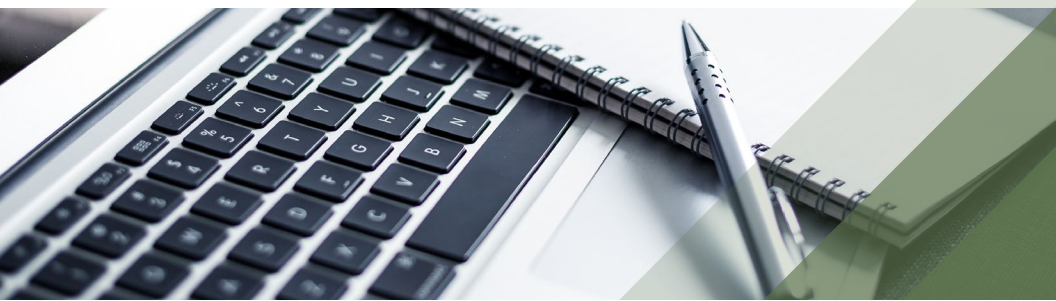




Cutting Expenses

GUIDEBOOK



Working toward a financial goal is sometimes daunting.

This booklet will help you strategize how to make small (or big) adjustments in your spending, freeing funds to put toward your goals. Drastic changes in lifestyle for the long term can have high failure rates, but if strategically planned with your goal in mind, can help you accomplish your vision of financial empowerment.



EMPOWERING
FINANCIAL
WELLNESS

EXTENSION 
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RED SECTION

The ideas in the red section could make the biggest difference in the least amount of time—helping you save money rapidly to reach your goals more quickly. Some of these ideas might seem drastic; keep in mind a temporary remedial strategy for success. You might consider the red items if you:

- Have little or no savings.
- Want to commit 4-8 weeks to accomplish a financial goal.
- Struggle to make debt payments on time.

YELLOW SECTION

The yellow section includes productive ideas that can help your finances all around. Consider these yellow items if you:

- Have minimal savings for emergencies or retirement.
- Want to identify ways to boost savings.
- Experience any transition time when income is reduced.

GREEN SECTION

Use ideas in the green section to continue building your strong financial foundation as you:

- Establish an emergency fund of 3-6 months of expenses.
- Secure retirement savings and other financial goals.
- Save on regular expenses to free up spending in other categories.

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Boosting Savings

- 1 Avoid paying extra fees by paying for things with cash.** Sometimes fees are charged for paying for something with your credit or even debit card because they have to pay a processing fee. These fees can be avoided if you are able to pay with cash or cashier's check. Find out what fees you can avoid and you may save a lot of money.
- 2 Get the whole family involved in savings.** Brainstorm activities your children can do to earn some cash to contribute to the goal and work together in creative ways to accomplish it.
- 3 Use your tax return to build savings.** Instead of spending, plan to pay down debt or build savings. Consider putting 50% towards your savings (emergency or retirement), 30% towards debt repayment and 20% towards something fun.
- 4 Get a temporary side job.** For a short time, you or a family member could take a second job to help reach your goals. It could be something like meal delivery or driving service, temporary work with an employment agency, or working part-time on nights or weekends for an employer.

RED

- 1 Start saving today!** It doesn't have to be a large sum—even small amounts add up over time.
- 2 Participate in a 401(k) or 403(b) plan through your employer.** If your employer matches, you can receive free money by contributing. Contributing now will also reduce your taxable income while helping you save for the future.
- 3 Set a percentage of your paycheck to automatically deposit into a savings account.** Direct deposit eliminates forgetting and you likely will not miss the money.
- 4 Keep making payments when you pay off a debt.** Now that the debt is closed, place the payment into a savings account.

YELLOW

- 1 Have a couple of named savings accounts.** Name your savings accounts according to the goals you have and you will be more motivated to put money into that savings account and not "steal" from it when you're over budget somewhere else. A couple examples include: down payment, vacation, new car, or emergency fund. Be very specific for more motivation (i.e., "Hawaii fund").
- 2 Save your raise.** Next time you get a raise, save the increase. If you are not used to that money, you won't miss it, and the savings will build.
- 3 Pay off your credit card in full each month to avoid interest or late fees.** Consider using a card that offers cash back rewards and put the rewards toward a savings goal.

GREEN

Clothing Expenses

1 Before buying new clothing, take an inventory of each family member's wardrobe. Determine which items need to be replaced or added. Repair present clothing as makes sense (hemming, stain removing). Swap items with family members, friends, or neighbors. Hand-me-downs are not only less expensive but can also be enjoyable. Consignment or thrift stores and classifieds can be great ways to stretch your clothing budget.

2 Pay cash. Get those charge cards paid off and don't keep adding to them. It's easy to swipe a card, but every time you do, you may be paying for that item twice, as interest or late fees accrue.

RED

1 Stick to your budget. Have clearly in your mind how much of your household budget you can afford to spend on clothing. Shop ahead of time; you are more likely to overspend if it's the last minute.

2 Return clothing. If you bought an item you aren't sure about, that doesn't fit, or you bought on impulse but would rather spend the money on another goal, take it back. Also, some stores have wear-and-tear guarantees; you can get your money back or a replacement if it wears out before a certain time.

3 Don't buy clothing at regular price. With manufacturer outlets, internet shopping, coupon or promotion codes, and sales, you can likely avoid full-ticket price, especially if you watch the price for a week or two.

YELLOW

1 Take advantage of off-season sales. This takes planning, but can save a lot of money. For example, stock up on children's clothing after the back-to-school sales have passed, or buy winter boots during January sales. By buying new clothing in season you are usually paying the highest price for it. Take inventory of your clothes and declutter every six months. By taking inventory, you will know what items you need to add or replace and can look out for them to be on sale when they are going out of season.

2 Never buy clothing in the wrong size, just because it is a good deal. Sometimes you will stock up, anticipating losing 10 pounds or the kids growing into them, but you may never be able to wear them. Often, we forget about them, we never lose the weight, or the kids don't like them, when and if they finally "fit." They also take up space.

3 Buy fewer clothing and purchase items that last longer: Rethink your wardrobe to include fewer pieces. Buy classic items that look great year in and year out. Trends and fads can change quickly and are usually more expensive.

GREEN

Entertainment Expenses

- 1 Choose activities that are free or inexpensive.** Try hiking, picnicking, bicycling, skating, visiting a local museum, fishing at a local pond or lake, or attending a free concert. Check out your state or city website for upcoming events and activities. You might be surprised what fun, and usually inexpensive or free, things there are to do right in your area.
- 2 Spend time outside.** Play frisbee, baseball, or another sport. Go on a picnic or a walk around the park. Make kites and fly them. Spending time outside is good for your physical and mental health and your wallet.
- 3 Stay home and play board games or enjoy an at-home movie night.** Invite friends or family for a game night. Gather your children for a movie with freshly popped popcorn.

RED

- 1 Host a potluck dinner.** This way, everyone shares the cost of the food.
- 2 Cancel unused memberships:** Every six months, take time to do an inventory of all your memberships or subscriptions. Cancel any you forgot about or aren't really using. Subscriptions can save money compared to going out to the movies or having cable, but they don't save you money if you aren't using them. Their reasonable price can be deceptive and make it easy to forget the amount you pay each month.

YELLOW

- 1 Share memberships.** For memberships you find valuable, see if you can reduce the cost by sharing with a family member or friend, if the terms of service allow.
- 2 Go to a movie matinee.** They are cheaper than evening shows. Save more by going to the older releases showing in less expensive theaters.
- 3 Take a family vacation during the off season.** If your travel dates are flexible, save money on lower mid-week rates at hotels and/or cheaper weekday flights. Avoid vacationing on the holidays when hotel, flight, and gas prices are usually higher. Consider using a free app such as Hopper, Skiplagged, Kiwi.com, or Skyskanner that can help you see less expensive days to travel, especially when flying.

GREEN

Grocery Expenses

- 1 Use existing food in the home.** Often, we feel like there is “nothing” to eat, but there is food in the cupboard—we just choose not to eat it. Take an inventory of your pantry and freezer and make meals using those items for a week once every month or two.
- 2 Limit trips to the store.** Multiple trips often mean more “incidental” items added to the cart. If you only need one thing, try to do without until the next shopping trip.
- 3 Take advantage of community resources,** such as free or reduced-priced school lunch programs, if your family qualifies. There is also the Supplemental Nutrition Assistance Program (SNAP) and food pantries available in most areas.
- 4 Plan around leftovers.** Make leftovers stretch for a second meal. For example, meats can be cut/shredded and made into gravy, pot pies, or used in tacos, soups or salads. Get creative with what you already have!

RED

- 1 Use cash.** When you go to the grocery store with cash in hand, you know exactly how much you can spend because when the cash is gone, you can't spend anymore. Split the amount you spend monthly on groceries by week. This can help you avoid eating well at the beginning of the month and then scraping by at the end.
- 2 Shop online and pick up your groceries.** Shopping online allows you to see the total amount in your cart as you shop—no more surprises that something isn't the price you thought. Often, less impulse buying occurs when you shop online because you can't wander the aisles. Also, you can reduce the money spent on items you already have because you can check your inventory.
- 3 Consider buying generic brands.** Many families can save \$20 a week, which is \$80 a month or \$1,040 a year just by switching to generic brands, which can be about 50% less than name brands.

YELLOW

- 1 Plan meals in advance.** This can save time and the stress of “What's for dinner?” Have each member of the family participate in making a menu for the week. Use the weekly store ads to help prepare both the menu and shopping list.
- 2 Shop alone and after you have eaten.** Statistics indicate that people buy more when they are hungry or accompanied by others, especially children.
- 3 Take advantage of case lot sales.** Make sure to only stock up on things your family actually eats often.
- 4 Manage portion control by using smaller dinner plates.** Most restaurants today serve portions double or triple the size we should eat. Avoid making the same mistake at home.

GREEN

Medical Expenses

- 1 Take advantage of wellness programs and health screenings,** especially if you don't have health insurance. Local clinics and hospitals often provide a variety of free screenings such as blood pressure, cholesterol, and mammograms.
- 2 Ask for generic prescriptions.** Often, brand-name drugs are more expensive than their generic equivalent. Also, use generic over-the-counter drugs, and avoid overusing nonprescription drugs. You may be able to request samples of a prescription from the doctor, which may last you weeks.
- 3 Negotiate a discount with your health-care provider.** While it may not always work, it doesn't hurt to ask your doctor, hospital, or pharmacy if they offer discounts. Research before you negotiate to find out what other local health-care providers charge. You can also ask health-care providers if they offer discounts if you pay in full up front.

RED

- 1 Consider health savings accounts** if you have an insurance policy with a high premium or are self-employed. These accounts hold tax-deferred deposits for medical expenses. Withdrawals are tax-free if used for qualified medical costs.
- 2 Examine all hospital, doctor, and dentist bills.** Check to make sure the bill accurately reflects the procedure performed and that it reflects applicable insurance coverage before making a payment. Contact the billing office if there is a mistake.

YELLOW

- 1 Remember good health habits.** "An ounce of prevention is worth a pound of cure." Good nutrition can cut down on illness and tooth decay. Take vitamins and drink plenty of water. Exercise regularly, maintain a healthy weight, and get the proper amount of sleep each night. These habits can prevent or minimize illness, which can save money on medication, doctor's appointments, and missed days of work.
- 2 Keep track of your medical expenses.** At tax time, you may be able to deduct certain medical expenses if you itemize your deductions and your total medical expenses exceed 7.5% of your adjusted gross income. Allowable medical expenses include: health care services, dental services, nursing home care, insulin, wheelchairs, and hearing aids.
- 3 Shop around for health insurance.** Premiums can vary widely, so ask for quotes from at least three companies. Make sure to consider your family's medical needs. Find out how much you would pay in co-payments and deductibles. Educate yourself about where you can receive care and be covered and what services are covered before you have a procedure done since medical providers don't know your policy in detail.

GREEN

Transportation Expenses

- 1 Walk or ride a bike, especially for short distances.** It's good for your mental and physical health, too.
- 2 Keep tires inflated properly.** Under-inflated can mean poor gas mileage. Overinflated can put more wear on the tires.

RED

- 1 Research before you purchase a vehicle.** Search online to find information on pricing and the value of the car you are looking to purchase. This can help you know what price you should be looking to pay and possibly give you room to negotiate with the seller.
- 2 Shop around for auto insurance annually** to make sure that you are getting the best coverage for the best price. Life changes and time lapse with negative driving records can be opportunities to get lower rates.

YELLOW

- 1 Buy a fuel-efficient car.** Factor in the long-term costs of a car, not just the selling price. Research how expensive the type of car you are looking to buy will be to maintain as well.
- 2 Think hard before buying new.** Finance charges can be costly, which makes buying a car with cash look even better. New cars are more expensive and depreciate quickly; look at nice, more affordable older vehicles. Experts recommend shopping for used cars that are 4 years old or that have around 40,000 miles on them. They are still in good condition but don't depreciating as quickly.

GREEN

Utility Expenses

- 1 Turn down the thermostat in the winter.** Rule of thumb: You save 1-3% on the heating bill for every degree you lower the thermostat. Turn it down by 10 degrees when you are at work and when you go to bed—a total of 16 hours. You can save about 10-15% on your bill.
- 2 Hang clothes to dry instead of using a dryer.** Save on wear-and-tear on your clothes and on the dryer, in addition to power costs.
- 3 Consider using small appliances for cooking rather than heating the oven.** Portable frying pans, electric grills, slow cookers, microwave ovens, and toaster ovens are great alternatives.

RED

- 1 Save warranties, owner's manuals, and receipts, especially on large purchases for the home.** Often these are all you need to have something repaired free of charge. Store them all together for easy access and organization.
- 2 Use energy efficient bulbs, fixtures, and appliances.** Use LED light bulbs for higher energy and cost efficiency. LED lightbulbs have a significantly lower total estimated 20-year cost than incandescent bulbs and CFLs. Equip your home with Energystar appliances for even more utility savings. See www.energystar.gov for more information on lighting and appliances.
- 3 Maintain and clean your furnace regularly.** Replace air filters every month during heating season and every three months the rest of the year. The furnace will run more efficiently and use less energy.

YELLOW

- 1 Invest in a programmable thermostat.** These can be set to automatically adjust the heat or cooling at specified times during the day and night. They cost anywhere from \$50 to \$200. Most people recoup the investment cost within the first year or two of using it with how much energy and money they save.
- 2 Install energy-efficient shower heads and faucet aerators.** These reduce the amount of water released by up to 50% with almost no noticeable difference in pressure.
- 3 Get a home energy audit every couple of years** with the local power or gas company to find ways to cut costs.
- 4 Turn off unused lights and electrical devices.** A popular gaming system has been reported to consume up to 70 watts per hour when downloading in standby mode. If left on while sleeping or working, it can add up to a couple of kilowatts a day, which is almost \$5 a month alone. Leaving lights on can waste another \$5 a month.

GREEN

Home Expenses

- 1 Refinance your mortgage.** You may be able to lower your monthly payment by refinancing into a different type of mortgage or refinancing when interest rates have dropped considerably (usually a drop of 1% will be worth the costs of refinance). With a “new” mortgage, there will be closing costs, so make sure the estimated savings will offset the closing costs associated with refinancing.
- 2 Rent an extra room.** Doing this will lower your monthly obligation as you share the payment with someone else. This can be done if you are renting in some cases, but also if you have an extra room in your house.
- 3 Move into a smaller place.** If you have extra room in your place but don’t want to rent it out, or if your monthly payments are too high, try finding a smaller, affordable place.

RED

- 1 Don’t buy more house than you need.** Try to have your mortgage payment no more than 30% of your gross monthly income. Before buying, set up a post-purchase budget. Remember to include cost of utilities, homeowner’s insurance, mortgage insurance, and home repairs and maintenance. Lenders might pre-approve you for more than you’d like to spend.
- 2 Move farther from the city.** Living in the suburbs of cities or away from popular parts of town, such as college campuses, can lead to lower housing costs. Make sure that the savings will offset extra transportation costs.
- 3 Move to an area with lower property taxes.** This is something you can do as you search for homes in different areas. Property tax is one of the four things included in your monthly mortgage payment, so as you lower your taxes, the monthly payment will go down.

YELLOW

- 1 Make an extra mortgage payment a year, or pay \$20 extra toward the principal balance each payment.** This will save you thousands in interest over the life of your mortgage and pay your home off sooner. Make sure to tell your servicer that you want the extra going towards principal, not interest or the next month’s payment.
- 2 Raise your homeowner’s insurance deductible** if you have saved funds to cover the higher deductible. This will lower the premium or annual amount you pay. Homeowner’s insurance is almost always included as part of your monthly mortgage payment, so lowering the insurance will lower the monthly mortgage payment.

GREEN

Holiday Expenses

- 1 Draw names and place a dollar limit on gifts.** If you have a big family, it can add up to buy everyone a present each year. Consider drawing names and buy presents for one or two family members. A dollar limit keeps everyone in the same price range.
- 2 Make your own decorations.** Full-price decorations can really add up. There are many fun, simple, and affordable decorations that even someone who isn't very crafty can make.
- 3 Remember that money doesn't buy everything.** There are gifts you can give that don't cost any money, such as spending time with people or doing service.
- 4 Don't put holiday expenses on a credit card.** Save for holidays throughout the year using a revolving savings account so you have the money available to pay in cash or with a debit card. In 2018, Americans paid a collective \$2.8 billion in interest paying holiday expenses off.

RED

- 1 Buy group or family gifts.** Rather than buying individual gifts, buy or make a few group or family gifts. This can save you time and money.
- 2 Have potluck holiday meals where everyone coming pitches in.** This can keep the cost more affordable for everyone coming rather than having one person paying for everything.
- 3 Don't overspend to impress friends or family.** Stop comparing yourself to others, even if that means taking a break from social media around holidays. It is more about the spirit of the holiday and happiness than the price you pay.

YELLOW

- 1 Buy holiday decorations the day or week after the holiday.** Usually stores will have deep discounts on decorations, candy, or flowers the day or week after the holiday. This can be a great way to save money on decorations for the holiday next year.
- 2 Shop with a plan in mind and stick to it.** Plan when to buy holiday gifts and food to reduce last-minute shopping and impulse buys and get better deals.
- 3 Don't think you have to spend the same amount of money on everyone.** It's more important you are giving people gifts they will actually like and use rather than making sure they all cost the same. Think of options for each person you plan on giving to based on their hobbies or interests and pick an item that best fits your budget.

GREEN

Miscellaneous Expenses

- 1 Cut your spouse's or children's hair at home.** It may take a small investment upfront for supplies, but it could be a great way to save on trips and tips to the barber. Also consider opting for longer hairstyles that require less maintenance.
- 2 Beware of "discount store syndrome."** Just because it is a bargain store doesn't mean you are getting a deal or saving money. If you don't need the item, any money spent on it could instead be saved toward a goal.
- 3 Consider the cost of habits.** Whether it is smoking, drinking coffee, alcohol, or a daily soda, or a weekly trip to the massage therapist, these habits add up. Reduce spending money on these habits or eliminate them temporarily and the savings will add up more quickly than you think. These are often the forgotten expenses left out of budgets that can bust your budget.

RED

- 1 Consider buying used instead of new.** Check online classifieds or thrift stores for the items you need. Chances are you can save significantly on a slightly used item.
- 2 Always send in for rebates.** Make sure you know the terms and conditions of properly sending in for rebates and for accessing/using the funds. According to a report from *Consumer Affairs*, over \$500 million in rebates go unclaimed every year. The *Wall Street Journal* states that about 40% of mail-in rebates are not redeemed or are filed incorrectly, which leads to denial.
- 3 Pay more than minimum payments on debts.** This can save you thousands of dollars in interest charges and pay off your loans more quickly.

YELLOW

- 1 Shop for Christmas year-round.** Shop at clearance racks. When holidays roll around, you'll be delighted to have a stash of already-purchased gifts. Use an app, notebook, or spreadsheet to keep track so you don't buy more than you anticipated.
- 2 Use only your bank's ATM.** Avoid paying surcharge fees when you need cash.
- 3 Ask yourself these questions before making a purchase:**
 - Can I do without it?
 - Can I postpone this purchase?
 - Can I substitute something else that costs less?
 - Can I use my own skills to make it myself?
 - Do I already own it (or something similar)?

GREEN