

2. Compare home equity loans offered by at least four reputable lending institutions. Consider the interest rate on the loan and the annual percentage rate (APR), which includes other costs, such as origination fees, discount points, mortgage insurance and other fees. Ask if the rate changes, and if so, how it is calculated and how frequently, as this will affect the amount of your monthly payments.



Housing

Home Purchase

1. You can often negotiate a lower sale price by employing a buyer broker who works for you not the seller. If the buyer broker or the broker's firm also lists properties, there may be a conflict of interest, so ask them to tell you if they are showing you a property that they have listed.
2. Do not purchase any house until it has been examined by a home inspector that you selected.

Renting a Place to Live

1. Do not limit your rental housing search to classified ads or referrals from friends and acquaintances. Select buildings where you would like to live and contact their building manager or owner to see if anything is available.
2. Remember that signing a lease probably obligates you to make all monthly payments for the term of the agreement.

Home Improvement

1. Home repairs often cost thousands of dollars and are the subject of frequent complaints. Select from among several well established, licensed contractors who have submitted written, fixed-price bids for the work.

2. Do not sign any contract that requires full payment before satisfactory completion of the work.

Major Appliances

1. Consult Consumer Reports, available in most public libraries, for information about specific brands and how to evaluate them, including energy use. There are often great price and quality differences among brands.
2. Once you've selected a brand, check the phone book to learn what stores carry this brand, then call at least four of these stores for the prices of specific models. After each store has given you a quote, ask if that's the lowest price they can offer you. This comparison shopping can save you as much as \$100 or more.



Utilities

Electricity

1. To save as much as hundreds of dollars a year on electricity, make certain that any new appliances you purchase, especially air conditioners and furnaces, are energy-efficient. Information on the energy efficiency of major appliances is found on Energy Guide Labels required by federal law.
2. Enrolling in load management programs and off-hour rate programs offered by your electric utility may save you up to \$100 a year in electricity costs. Call your electric utility for information about these cost-saving programs.

Home Heating

1. A home energy audit can identify ways to save up to hundreds of dollars a year on home heating (and air conditioning). Ask your electric or gas utility if they can do

this audit for free or for a reasonable charge. If they cannot, ask them to refer you to a qualified professional.

Telephone Service

1. At least once a year review your phone bills for the previous three months to see what local, local toll, long distance, and international calls you normally make. Call several phone companies, including wireless companies, to find an inexpensive calling plan that meets your needs.
2. If you make very few toll or long distance calls, avoid calling plans with monthly fees or minimums.
3. Check your phone bill to see if you have optional calling services you don't use. Each option you drop could save you \$40 or more each year.
4. Before making calls when away from home, compare per minute rates and surcharges for different prepaid phone cards and calling card plans to find the one that saves you the most money.
5. Dial your long distance calls directly. Using an operator to place the call can cost you up to \$10 extra.
6. If you use a wireless phone, make sure your wireless calling plan covers the calls you typically make. Understand promotions, peak calling periods, area coverage and roaming, and long distance requirements to avoid paying for more than you will use.



Other

Food Purchased at Markets

1. You can save hundreds of dollars a year by shopping at the lower-priced food stores. Convenience stores often charge the highest prices.
2. You will spend less on food if you shop with a list.
3. You can save hundreds of dollars a year by comparing price-per-ounce or other unit prices on shelf labels. Stock up on those items with low per-unit costs.

Prescription Drugs

1. Since brand name drugs are usually much more expensive than their generic equivalents, ask your physician and pharmacist for generic drugs whenever appropriate.
2. Since pharmacies may charge widely different prices for the same medicine, call several. When taking a drug for a long time, also consider calling mail-order pharmacies, which often charge lower prices.

Funeral Arrangements

1. Make your wishes known about your funeral, memorial, or burial arrangements in writing. Be cautious about prepaying because there may be risks involved.
2. For information about the least costly options, which could save you several thousand dollars, contact a local memorial society, which is usually listed in the Yellow Pages under funeral services.
3. Before selecting a funeral home, call several and ask for prices of specific goods and services, or visit them to obtain an itemized price list. You are entitled to this information by law and, by using it to comparison shop, you can save hundreds of dollars.

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AARP

American Council of Life Insurers

American Council on Consumer Interests

American Express

AFSA Education Foundation

AT&T

Bank of America

Call For Action

Consumers' CHECKBOOK/Center for the Study of Services

Consumer Action

Consumer Federation of America

CUNA Mutual Insurance Group

Fannie Mae

Federal Consumer Information Center

Federal Reserve Board

Federal Trade Commission

Food Marketing Institute

MasterCard International

MCI Communications Corporation

National Association of Consumer Agency Administrators

National Foundation for Credit Counseling

National Institute for Consumer Education

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Additional information for improving purchasing decisions is available at local libraries, which also provide access to Internet sites intended to help consumers.

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Transportation

Airline Fares

1. You may lower the price of a round trip air fare by as much as two-thirds by making certain your trip includes a Saturday evening stay-over, and by purchasing the ticket in advance.
2. To make certain you have a cheap fare, even if you use a travel agent, contact all the airlines that fly where you want to go and ask what the lowest fare to your destination is.
3. Be flexible, if possible. Consider using low fare carriers or alternative airports and keep an eye out for fare wars.

Car Rental

1. Since car rental rates can vary greatly, shop around for the best basic rates. Ask about any additional charges (extra driver, gas, drop-off fees) and special offers.
2. Rental car companies offer various insurance and waiver options. Check with your automobile insurance agent and credit card company in advance to avoid duplicating any coverage you may already have.

New Cars

1. You can save thousands of dollars over the lifetime of a car by selecting a model that combines a low purchase price with low financing, insurance, gasoline, maintenance, and repair costs. Ask your local librarian for new car guides that contain this information.
2. Having selected a model, you can save hundreds of dollars by comparison shopping. Call at least five dealers for price quotes and let each know that you are calling others.
3. Remember there is no “cooling off” period on new car sales. Once you have signed a contract, you are obligated to buy the car.

Used Cars

1. Before buying any used car:
 - Compare the seller's asking price with the average retail price in a "bluebook" or other guide to car prices found at many libraries, banks, and credit unions.
 - Have a mechanic you trust check the car, especially if the car is sold "as is."
2. Consider purchasing a used car from an individual you know and trust. They are more likely than other sellers to charge a lower price and point out any problems with the car.

Auto Leasing

1. Don't decide to lease a car just because the payments are lower than on a traditional auto loan. The leasing payments may be lower because you don't own the car at the end of the lease.
2. Leasing a car is very complicated. When shopping, consider the price of the car (known as the capitalized cost), your trade-in allowance, any down payment, monthly payments, various fees (excess mileage, excess "wear and tear," end-of-lease), and the cost of buying the car at the end of the lease. *Keys to Vehicle Leasing: A Consumer Guide*, published by the Federal Reserve Board and Federal Trade Commission, is a valuable source of information about auto leasing.

Gasoline

1. You can save hundreds of dollars a year by comparing prices at different stations, pumping gas yourself, and using the lowest-octane called for in your owner's manual.
2. You can save up to \$100 a year on gas by keeping your engine tuned and your tires inflated to their proper pressure.

Car Repairs

1. Consumers lose billions of dollars each year on unneeded or poorly done car repairs. The most important step that you can take to save money on these repairs is to find a skilled,

honest mechanic. Before you need repairs, look for a mechanic who:

- is certified and well established;
- has done good work for someone you know; and
- communicates well about repair options and costs.



Insurance

Auto Insurance

1. You can save several hundred dollars a year by purchasing auto insurance from a licensed, low-price insurer. Call your state insurance department for a publication showing typical prices charged by different companies. Then call at least four of the lowest-priced, licensed insurers to learn what they would charge you for the same coverage.
2. Talk to your agent or insurer about raising your deductibles on collision and comprehensive coverage to at least \$500 or, if you have an old car, dropping this coverage altogether. Taking these steps can save you hundreds of dollars a year.
3. Make certain that your new policy is in effect before dropping your old one.

Homeowner/Renter Insurance

1. You can save several hundred dollars a year on homeowner insurance and up to \$50 a year on renter insurance by purchasing insurance from a low-price, licensed insurer. Ask your state insurance department for a publication showing typical prices charged by different licensed companies. Then call at least four of the lowest priced insurers to learn what they would charge you. If such a publication is not available, it is even more important to call at least four insurers for price quotes.
2. Make certain you purchase enough coverage to replace the house and its contents.

“Replacement” on the house means rebuilding to its current condition.

3. Make certain your new policy is in effect before dropping your old one.

Life Insurance

1. If you want insurance protection only, and not a savings and investment product, buy a term life insurance policy.
2. If you want to buy a whole life, universal life, or other cash value policy, plan to hold it for at least 15 years. Canceling these policies after only a few years can more than double your life insurance costs.
3. Check the National Association of Insurance Commissioners website (www.naic.org/servlet/cis.Main) or your local library for information on the financial soundness of insurance companies.



Banking/Credit

Checking

1. You can save more than \$100 a year in fees by selecting a checking account with a low (or no) minimum balance requirement that you can, and do, meet. Request a list of these and other fees (including ATM and debit card fees) that are charged on these accounts.
2. Banking institutions often will drop or lower checking fees if paychecks are directly deposited by your employer. Direct deposit offers the additional advantages of convenience, security, and immediate access to your money.

Savings and Investment Products

1. Before opening a savings or investment account with a bank or other financial institution, find out whether the account is insured by the federal government (FDIC or NCUA). An increasing number of products

offered by these institutions, including mutual stock funds and annuities, are not insured.

2. To earn the highest return on savings (annual percentage yield) with little or no risk, consider certificates of deposit (CDs) or U.S. Savings Bonds (Series I or EE).
3. Once you select a type of savings or investment product, compare rates and fees offered by different institutions. These rates can vary a lot and, over time, can significantly affect interest earnings.

Credit Cards

1. If you carry large credit card debts, you can reduce your annual credit card interest payments by as much as \$1000 or more by paying off your entire bill each month.
2. If you are unable to pay off a large balance, pay as much as you can and switch to a credit card with a low annual percentage rate (APR). You can find listings of credit card plans, rates, and terms on the Internet, in personal finance magazines, and in newspapers.
3. You can reduce credit card fees, which may add up to well over \$100 a year, by getting rid of all but one or two cards, and by avoiding annual, late payment, and over-the-credit limit fees.

Auto Loans

1. If you have significant savings earning a low interest rate, consider making a large down payment or even paying for the car in cash. This could save you as much as several thousand dollars in finance charges.
2. You can save as much as hundreds of dollars in finance charges by shopping for the cheapest loan. Contact several banks, your credit union, and the auto manufacturer's own finance company.

First Mortgage Loans

1. Although your monthly payment may be higher, you can save tens of thousands of dollars in interest charges by shopping for

the shortest-term mortgage you can afford. On a \$100,000 fixed-rate loan at 7% annual percentage rate (APR), for example, you will pay over \$75,000 less in interest on a 15-year mortgage than on a 30-year mortgage.

2. You can save thousands of dollars in interest charges by shopping for the lowest-rate mortgage with the fewest points. On a 15-year \$100,000 fixed-rate mortgage, just lowering the APR from 7% to 6.5% can save you more than \$5,000 in interest charges, and paying two points instead of three would save you an additional \$1,000.
3. Check your local newspaper for mortgage rate surveys, and call at least four lenders for information about their rates (APRs), points and fees. Compute precisely how much each mortgage option will cost and its tax implications.
4. Be aware that the interest rate on most adjustable rate mortgage loans (ARMs) can vary a great deal over the lifetime of the mortgage. An increase of several percentage points might raise payments by hundreds of dollars per month.

Mortgage Refinancing

1. Consider refinancing your mortgage if you can get a rate that is at least one percentage point lower than your existing mortgage rate and plan to keep the new mortgage for several years or more. Calculate precisely how much your new mortgage (including points, fees and closing costs) will cost and whether, in the long run, it will cost less than your current mortgage.

Home Equity Loans

1. Be cautious in taking out home equity loans. The loans reduce or may even eliminate the equity that you have built up in your home. Equity is the cash you would have if you sold your house and paid off your mortgage loans. If you are unable to make payments, you could lose your home.