

*Money saving secrets*

# MONEY SAVING SECRETS

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This book deals with the personal successes of each of us. Proper preparation is the key to our success. This book of cures for lean purses is guide to offer those who are ambitious for financial success which will aid them to acquire surpluses. The surplus, which can help them boost financial condition by using the saved money to create some investment/business/growth/service.

**A BIG Thank**

To my parent and my wife Hina to teach me most of the tricks/tips I have included in the book.

And to my friend H.N.Sharma for all the fun moments shared together.

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# Preface

Do you need money for investing or starting some business or to become debt free and live peaceful life? And you think there is no source to generate this extra money required? Do you realize that you are not able to achieve your financial goals or money doesn't stay with you for longer? How to turn your financial life around? If you just take the first step – the first step is always the hardest one. After that, you start taking more and more little steps and before you know it, your financial life is getting better and better.

What follows is a list of steps to take. Each of these tactics is simple little moves you can make to improve your financial situation. Some of them take just a few minutes, others might take an hour or two, some of them require a bit of regular effort, but they're all incredibly simple – anyone can do them. Each of them also save significant money, especially over the long haul, and when combined together these tips can save you a lot of money now.

Obviously, not all of these tips will apply to everyone. Just go through the list and find ten or fifteen, that do apply to you and use them in your life – you'll quickly find yourself saving some serious scratch. Figures given are for example purpose and given in dollars; you may read them as your currency.

# 1. Budget

Never spend your money before you have it. -Thomas Jefferson

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- 1) Talk to your loved ones about what your dreams are: It seems like an odd way to save money, but think about it. If you spend time with the people you love the most and come to some consensus about your dreams, it becomes easy for you all to plan for it. If you're all planning and working together towards this dream, it becomes easier to stay focused on it and reach it. Set a big, audacious goal together and encourage each other to be financially fit – soon, you'll find you're doing it naturally and your dreams are coming closer than ever.
- 2) Plan your purchases: Has the \$100 spent on a dress for fresher's night left you broke? Simple mathematics and a bit of planning could have helped you avoid the situation. Cutting down your expenses by \$25 every month would have saved you \$100 in just four months and made the dress affordable. Planning ahead is an easy way to prevent bankruptcy.
- 3) Set savings goals: For short-term goals, this is easy. If you want to buy a video game, find out how much it costs; if you want to buy a vehicle, determine how much of a down payment you'll need. For long-term goals, such as retirement, you'll need to do a lot more planning (figuring out how much money you'll need to live comfortably for 20 or 30 years after you stop working), and you'll also need to figure out how investments will help you achieve your goals.

- 4) Establish a time-frame: For example: "I want to be able to buy a house two years from today." Set a particular date for accomplishing shorter-term goals, and make sure the goal is attainable within that time period. If it's not attainable, you'll just get discouraged.
- 5) Plan: Figure out how much you'll have to save per week, per month, or per paycheck to attain each of your savings goals. Take each thing you want to save for and figure out how much you need to start saving now. For most savings goals, it's best to save the same amount each period. For example, if you want to put a \$20,000 down payment on a home in 36 months (three years), you'll need to save about \$550 every month. But if your paychecks amount to \$1000, it might not be a realistic goal, so adjust your time-frame until you come up with an approachable amount.
- 6) Keep a record of your expenses: What you save falls between two activities and their difference: how much you make and how much you spend. Since you have more control over how much you spend, it's wise to take a critical look at your expenses. Write down everything you spend your money on for a couple weeks or a month. Be as detailed as possible, and try not to leave out small purchases. Assign each purchase or expenditure a category such as: Rent, Car insurance, Car payments, Phone Bill, Cable Bill, Utilities, Gas, Food, Entertainment, etc.

Keep a small notebook with you at all times. Get in the habit of recording every expense and saving the receipts. Sit down once a week with your small notebook and receipts. Record your expenses in a larger notebook or a spreadsheet program. There

are also many apps you can download to your phone that will help you keep track of your expenses.

Trim your expenses. Take a good, hard look at your spending records after a month or two have passed. You'll probably be surprised when you look back at your record of expenses: \$30 on ice cream, \$10 on parking tickets? You'll likely see some obvious cuts you can make. Depending on how much you need to save, however, you may need to make some difficult decisions. Think about your priorities, and make cuts you can live with. Calculate how much those cuts will save you per year, and you'll be much more motivated to pinch pennies.

Can you move to a less expensive apartment or house?

Can you refinance your mortgage? Can you save money on gas, or give up a car altogether?

If your family has multiple cars, can you bring it down to one?

Can you get a better price on insurance?

Call around and make sure you are getting the best price you can. Consider taking a higher deductible, too. Shop the discount racks at clothing stores. Items on clearance are marked down considerably and could save you 50% of the price.

Can you drop a land line and either only use your cell phone or save money by calling over the internet for free with services such as Skype?

Can you live without cable or satellite TV?

Can you cut down on your utility bills?

Can you restrict eating out? Buy food in bulk? Start using coupons? Cook more at home? You might be able to save a lot of money when grocery shopping.

- 7) Reassess your savings goals: Subtract your expenses (the ones you can't live without) from your take-home income (i.e. after taxes have been taken out). What is the difference? And does it match up with your savings goals? Let's say you've decided you can definitely get by on \$1600 per month, and your paychecks amount to \$2000 per month. That leaves you with \$400 to save. If there's absolutely no way you can fit all your savings goals into your budget, take a look at what you're saving for and cut the less important things or adjust the time-frame. Maybe you need to put off buying a new car for another year, or maybe you don't really need a big-screen TV that badly.
- 8) Make a budget: Once you've managed to balance your earnings with your savings goals and spending, write down a budget so you'll know each month or each paycheck how much you can spend on any given thing or category of things. This is especially important for expenses which tend to fluctuate, or which you know you're going to have a particularly hard time restricting. (E.g. "I will only spend \$90 a month on movies/chocolate/coffee/etc.")



## 2. Golden Rules

If you are willing to do only what's easy, life will be hard. But if you are willing to do what's hard, life will be easy. -T. Harv Eker

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- 1) Always keep looking ahead: Don't let the mistakes of your past drag you down into more mistakes. Look ahead to the future. The choices you make now won't affect the past – but they definitely will affect the future. Think back, and remember how the bad choices you made earlier are costing you now, and constantly remember to not make those mistakes now so that they don't cost your future self.
- 2) Don't beat yourself up when you make a mistake: Even if you make ten good choices, it's easy to beat yourself up and feel like a failure over one bad choice. If you make a big mistake and realize it, think about why you realized it now instead of then, and try to apply that later on. The memory of that mistake can end up being very valuable, indeed.
- 3) Never give up: Whenever the struggle against debt feels like it's too much, go read a personal finance blog and remember that there are a lot of people out there fighting the same fight. Read around through the archives and learn some new things – and perhaps get inspired to keep going, no matter what.
- 4) Make a monthly budget: This doesn't have to be a complicated number-crunching exercise. A simple Excel sheet or the planner in your mobile will suffice. The idea is to keep track of your monthly expenses and plug any unnecessary spending. Start by listing your fixed expenditure like transportation cost, food, etc,

and keep aside money for these. The balance can then be used for discretionary expenses like shopping, gifting or partying.

- 5) Kill your debt first: Simply calculating how much you spend each month on your debts will illustrate that eliminating debt is the fastest way to free up money. Once the money is freed from debt payment, it can easily be re-purposed to savings. Plus, the sooner you pay off debt, the less interest you'll pay, and that money can be saved instead. If you choose to start saving before you completely pay off your debt, however, look into consolidating your debts so that you're not paying as much interest. The only money-saving that should take precedence over getting out of debt is to create an emergency fund (setting aside enough money so that if you lose your income, you can survive for 3-6 months). If you don't already have an emergency fund, you should start contributing to one immediately.
- 6) Pay yourself first: Savings should be your priority, so don't just say that you'll save whatever is left over at the end of the month. Deposit savings into an account (or your piggy-bank) as soon as you get paid. An easy, effective way to start saving is to simply deposit 10% of every check in a savings account. If you get a check or sum of cash, say 710.58, move the decimal point one place to the left and deposit that amount: 71.05. This works well and requires little thought; over several years, you've a tidy sum in savings.

You can set up an automatic transfer from your checking account to your savings account, either through your bank or with a third-party app. You can elect to transfer a set amount or percentage of purchases at regular intervals (e.g. daily or weekly) from your

checking account to your savings account. The advantage of using a percentage is that the amount you save is proportionate to the amount you spend.

Many employers allow you to deduct savings from your paycheck. The money is directly deposited in your savings account so you never even see it on your paycheck.

You can also have investments for retirement taken directly out of your pay, and the taxes may be deferred with this option. Your employer may offer a matching program for retirement as well making it even more worthwhile to save.

- 7) Don't get discouraged and don't give up: You may not think you can become wealthy but to become a millionaire is possible if you set up an aggressive savings plan and stick to it. You may be surprised how much money you can put away for something far more enjoyable than what you could buy with short term savings. Good things often take time and the longer you save the more interest you will be making on your savings as well!
- 8) Learn to say 'no': It's easy to capitulate to the demands of a screaming child in a packed mall on a Saturday afternoon. But don't do it. Similarly, how often does a 'swift half' after work turn into a 40\$ drinking session? Saying 'no' a few times a year will do wonders for your bank account.

## 3. Shopping

We buy things we don't need with money we don't have to impress people we don't like. -Dave Ramsey

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- 1) Rewards and discounts: Even if you rarely shop at that place, having a rewards card for that place will eventually net you some coupons and discounts. Here's the basic game plan for maximizing these programs: create an email address just for these mailings, collect every card you can, and then check that account for extra coupons whenever you're ready to shop.
- 2) Do it yourself: Make your own gifts instead of buying stuff from the store. You can make food mixes, candles, bread, cookies, soap, and all kinds of other things at home quite easily and inexpensively. These make spectacular gifts for others because they involve your homemade touch, plus quite often they're consumable, meaning they don't wind up filling someone's closet with junk. Even better – include a personal handwritten note with the gift. This will make it even more special than anything you could possibly buy down at the mall, plus it saves you money.
- 3) Master the thirty day rule: Whenever you're considering making an unnecessary purchase, wait thirty days and then ask yourself if you still want that item. Quite often, you'll find that the urge to buy has passed and you'll have saved yourself some money by simply waiting. If you want, you can even keep a "thirty day list" where you write down the item and the day you'll reconsider it,

but I prefer just to keep this one in my head – that way, I often just forget about the unimportant things.

- 4) Write a list: Write a list before you go shopping – and stick to it. Did you go to buy a lip balm and returned with a bagful of cosmetics? An excellent way to control impulsive buying is to make a list before heading towards the market. Though the shelves are filled with temptations, pledge to stick to your requirements, and you will have more money at the end of the month. One should never go into a store without a strong idea of what one will be buying while in there. Make a careful plan of what you'll buy before you go, then stick strictly to that list when you go to the store. Don't put anything in the cart that's not on the list, no matter how tempting, and you'll come out of the store saving a bundle.
- 5) Price: Do a price comparison – and find a cheaper grocery store. Most of us get in a routine of shopping at the same grocery store, even though quite often it's not the one that offers the best deals on our most common purchases. Fortunately, there's a simple way to find the cheapest store around. Just keep track of the twenty or so things you buy most often and then shop for these items at a variety of stores. Eventually, one store will come out on top for your purchases – just make that one your regular shopping destination and you'll automatically save money.
- 6) Homemade: Challenge yourself to try making your own things. Before I tried it myself, I thought homemade bread making was complicated and a waste of time and money. I came to find out that it was pretty easy and it was actually much cheaper, healthier, and tastier than buying a loaf from the store. Now, we

rarely ever buy bread products at the store – and we save money by making that choice.

- 7) Don't spend money just to de-stress: Quite often, I used to spend money just to wind down from a stressful day at work. Instead, I've found that I quite often feel much better by going home and taking some quiet time just to stretch and then meditate. I end up feeling much more together, happy, and ready to face an evening with the family/kids/friends in the right mindset than I ever would by just blowing some cash after work. Instead of spending to de-stress, try some basic meditation techniques, stretching, or yoga and see how you feel.
- 8) Second hand: When shopping for standard items (sports equipment, older games, etc.), start by shopping used. Quite often, you can find the exact item you want with a bit of clever shopping at used equipment stores, used game stores, consignment shops, and so on. Just make these shops a part of your normal routine – go there first when looking for potential items and you will save money.
- 9) Do holiday shopping right after the holidays: Most people use this technique for Christmas, but it works for every holiday. Wait until about two days after a holidays, then go out shopping for items you need that are themed for that day. Get a Mother's Day card for next year the day after Mother's Day. Get Easter egg decorating kits the day after Easter. Get wrapping paper and cards and such the day after Christmas. The discounts are tremendous, and you can just put this stuff in the closet until next year, saving you a bundle.

- 10) Try generic brands of items you buy regularly: Instead of just picking up the ordinary brand of an item you buy, try out the store brand or generic version of the item. Likely, you'll save a few cents now, but you'll also likely discover that the store brand is just as good as the name brand – the only difference between the two, often, is the marketing. Once you're on board the generic train, you'll find your regular grocery bill getting smaller and smaller.
- 11) Ten seconds rule: Master the ten seconds rule. Whenever you pick up an item in order to add it to your cart or to take it to the checkout, stop for ten seconds and ask yourself why you're buying it and whether you actually need it or not. If you can't find a good answer, put the item back. This keeps me from making impulse buys on a regular basis.
- 12) Go through your clothes – all of them: If you have a regular urge to buy clothes, go through everything that you have and see what you might find. Take the clothes at the back of the closet and bring them to the front and suddenly your wardrobe will feel completely different. Take the clothes buried in your dresser and pull them to the top. You'll feel like a brand new person who doesn't need to spend money on clothes right now.
- 13) Use a brutally effective coupon strategy: Here's the trick: wait a month before using the coupons. Save your coupon flyer out of your Sunday paper for a month, then bust it out and start cutting anything that might be of interest. For a bonus kicker, use the coupons in comparison with your grocery store flyer that week to find out ways you can use a coupon to reduce the cost of an item already on sale – you can wind up paying pennies for some

things and, on occasion, actually get food for free (I've come home with a ton of free yogurt containers before, for example).

- 14) Patience pays: Even if you are dying to buy the new Android phone, waiting for a few months will be a good idea. Gadgets' prices tend to fall as soon as there is a successor in the market. So, postponing your purchase for the same model by a month or two can get you a price cut.
- 15) Try buying online: Better deals are usually offered on smaller luxury items (for birthday and Christmas gifts) such as books and CDs. But generally try to limit your non-essential spending. For special occasions, agree to a spending limit and make a list.
- 16) Search for online bargains: Before you go for a movie or lunch with friends the next time, do not forget to surf the Internet. Discount sites are mushrooming by the day, with some offering as much as 95% off on a variety of products and services. You can get huge bargains at restaurants, on multiplex movie tickets, apparel, gyms, spas and a lot more.
- 17) Treats OK: Cut back on non-essential items if you need to free up some extra cash, but don't stop spending money on luxuries completely. If your budget is too tight, you may not stick to it. We all need little treats now and then!
- 18) Shop around: Our Grocery Price Surveys have shown that the best way to get the best prices is through shopping around and spreading your spend across a few of different stores. Small local shops may offer convenience for consumers, which is great, but you may find prices are that little bit higher to pay for that local convenience



On the other hand, savings you might hope to make on a trip to an out-of-town discount store should be balanced against the cost of getting there and back.

You can also check the larger shops' websites or use online comparison sites to check prices before you go shopping.

- 19) Check the unit price: Always check the unit price of what you are buying to work out the best value for you. Buying another size (sometimes even the smaller size) may represent better value overall. Some items are usually cheaper when bought in bulk, but this only makes sense, value-wise, if you're going to use it up before it goes off. Some items, such as vegetables, can work out more expensive when bought pre-packed than if you buy them by weight from the "loose" vegetable section.
- 20) Make fresh meals from scratch and buy in season: Take-away, frozen, pre-packed or ready-meals can work out a lot more expensive than making fresh meals yourself. Meals made from scratch are generally healthier too. If you don't have time to cook every day, make several meals at the one time and freeze them. Buying raw, whole fruit and vegetables can be a lot cheaper than buying prepared ones, as you are paying for someone else to do the washing and chopping for you. Fruit and vegetables can be more expensive when bought out of season and are usually imported. Buying seasonal fruit and vegetables means you get the best quality, locally produced food at a lower price, and you help support local producers.
- 21) Buy only what you need: Don't buy too much of items that may go off. Plan meals and make a shopping list of what you need.

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