

# Three Money Saving Tips

Contributed by Steve Gillman  
Thursday, 23 October 2008

Most money saving tips are about getting a deal, but there are more powerful methods.

{mosbotwordcount}

Money saving tips are commonly all about price shopping and how to get a good deal. It makes sense to find ways to get the same thing for less money. Maybe it even makes sense to use coupons, although some of us find that the time spent is often too much for the savings obtained. In any case, looking for a better price is a good start, but there are more powerful ways to save money.

## Money Saving Tip: Alternatives

{bot\_wrgoogle}Look at the underlying goals of a purchase or expenditure. Going out to eat, for example, isn't just about food, or you would just eat at home. The goal is more likely to get out of the house and have someone else cook for you. An alternative that accomplishes both goals? Buy prepared food at a deli and have a picnic in a nice place, saving yourself \$5 to \$20. Do this only if you enjoy picnicking, of course. You want to meet the underlying needs or desires at a lower cost, not give up what you want or need.

Try these three steps to saving money on what you want: 1. Identify the true cost. 2. List the deeper needs or desires. 3. Start looking for cheaper alternatives.

For an example of how to use this technique, we'll assume you're going to buy a boat. You do an honest tally of all expenses (step one). The boat you like costs \$13,000 and be worth \$5,000 in eight years or so, so depreciation costs you \$1,000 per year. Now you add up the interest on the loan, insurance, gasoline, maintenance, a trailer, gas for your vehicle to haul the boat around, life jackets and anything else you can think of. You find that the total cost will be about \$2,700 per year over the expected eight years you'll keep the boat. You honestly might use it ten times per year or less, so the cost is about \$270 per use.

You list the deeper goals, which are fun, entertainment, and something you can do with the family. That's step two. Step three is to find ways to accomplish all or some of these goals without spending as much.

You might rent a boat four times a year at \$200 each time, rent two snowmobiles for \$200 per day twice and spend a weekend fishing with the family at a nice resort for \$600, for a total of \$1,800. Now, if that satisfies your needs (maybe it would mean even more fun), you have a great way to spend \$900 less per year, or \$7,200 over the next eight years. Add that to your retirement fund, save for a big vacation or for the kids college fund, or use it for anything else you really want.

## Money Saving Tip: Don't Buy It

We easily imagine the benefits of things without looking at the drawbacks. The truth is that we are sometimes happier without what we thought we wanted. In fact, some purchases cause more stress in our lives because they add ongoing expenses and responsibilities. Of everything you consider spending money on, ask if it truly adds something of value to your life and, if the answer is no, save the money for something that does.

## Money Saving Tip: Watch How You Pay

Some people pay far more for the things they own simply because they pay with credit cards. In fact, a simple \$800 computer might cost \$400 more by the time you pay that 18% interest for a few years. Seriously consider saving and paying cash for everything other than your house.

Copyright Steve Gillman. Learn more ways to Save Money, and get the free "Unusual Ways (To Make And Save Money)" Newsletter, at: <http://www.UnusualWaysToMakeMoney.com/ways-to-save-money.html>