

LIVING RICH BY SPENDING SMART



*How to Stretch Your Dollar and
Get More of What You Really Want*

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IMPORTANT

To begin — Please save this workbook to your desktop or in another location.

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Introduction

Welcome to *Living Rich by Spending Smart: Stretch Your Dollar and Get More of What You Really Want*. This guide will give you many of the references and tips that were mentioned on the audio. Because of this, the guide is designed to be used in conjunction with the audio program. Many of the terms and ideas are fully explained there, and to get the most out of the guide, you'll need to listen to the program first.

We'll be looking at your financial “**F.I.T.**ness.” That is, we'll be looking at smart spending in the areas of **F**ood, **I**nsurance, and your **T**elecommunications needs.

Let's get started!

F—FOOD SAVINGS

Supermarket Shopping Tips

Shop the Weekly Flyers: You can get them online at mygrocerydeals.com, and look at the front and back covers. These are the ideal items for you to plan your meals around.

Play the Cycle: Supermarket cycles generally run in 12-week cycles, so you don't have to stockpile a lot of stuff, because three months from now, it's likely to be on sale again.

Bring a Calculator: Items on the same shelf can have vastly different amounts in them — different ounces, different grams — so you've got to convert them to a unit price. Unless you're really good with math, bring a calculator with you.

Use Warehouse Clubs Wisely: They're good for paper goods, but not very good for things like electronics and movies.

Consider Store Brands: A lot of store brands are made by the exact same manufacturers that make the name brands.

How to Use Coupons

The Triumvirate of Savings: The ideal strategy is to use the triumvirate of supermarket savings: shop the weekly sales, use coupons, and get the supermarket loyalty cards.

When you get the Sunday newspaper, put the coupon inserts aside. Just write the date on the top and stick them in a drawer. Then, just before you go to the grocery store, you can go onto **couponmom.com** and look at the database and find out whether there's a coupon for what you need. Better yet, you can sort by the best deals there are at the supermarket that day. So you can match the coupon to the sale, and, of course, that's our goal. You're going to get 50 percent off a lot of times, and sometimes, you're even going to get the product absolutely free.

Read the Fine Print: You should always read the fine print. Often, there's a particular variety or size pictured on the coupon, but sometimes the coupon applies to several different sizes and varieties.

The Best Days to Use Them: Coupons usually come out on Wednesday, sometimes Thursday, but the sales to match those coupons usually don't start until the weekend. So you're best off going to the supermarket on Sunday, Monday, or Tuesday.

Online Coupons: Today, we have the option of printing coupons online, and actually, values of online coupons can be higher than Sunday newspaper coupons. That's because they know they have to give you an incentive to use your own ink and paper when printing at home.

Try such sites as **smartsource.com**, **coupons.com**, **coolsavings.com**, and **eversave.com**.

Tips for Using Internet Coupons: As Internet coupons become more popular, they become more accepted, but there are some supermarkets that are wary about accepting them. You stand a better chance if you print the coupons in color and print the whole page. Bring that in, rather than clipping the coupon.

Tips on Reducing Dining-Out Costs

- Don't eat out; use freezer meals instead!
- Bring your lunch to work. Would you rather spend \$1,500 a year on fast food, or on a cruise?
- Pack a cooler on day trips.
- Order water instead of soda or alcohol in restaurants.
- Keep your meal to one course.
- Have dinner parties to socialize instead of eating out.
- Use restaurant coupons (**restaurant.com** and **groupon.com** are good sources).
- Use an entertainment coupon book to get discounts.

YOUR FINANCIAL F.I.T.NESS

I—INSURANCE SAVINGS

Websites to Shop for Insurance

- accuquote.com
- termforsale.com
- insweb.com
- insure.com
- instantquote.com

To Research an Insurance Company

- ambest.com
- standardandpoors.com

Important notice:

*Get your new policy in place before
you cancel your old one.*

Should You Cash In a Whole Life/Universal Life Policy?

The Consumer Federation of America will evaluate your policy so you know whether it's worthwhile for you to cash it in or hold onto it.

- **Evaluatelifelifeinsurance.org/**

Raise Your Deductible: The deductible is the amount of money you have to pay before the insurance kicks in. It's just not worth having a low deductible, especially on auto insurance.

- Auto: Raise it to \$500-\$1,000
- Home: Raise it to \$1,000-\$2,500

T—TELECOMMUNICATIONS SAVINGS

How to Cut Costs on Telecommunications

- Eliminate your landline altogether.
- Bundle your TV, your Internet service, and your phone all under one company.
- Use only your wireless phone (make sure you have adequate reception throughout your home, and enough minutes on your plan).
- Use a Voice Over Internet Protocol (VOIP) like Skype or Vonage. MagicJack is a good alternative too.

Ideas for Wireless Savings

- Don't buy more minutes than you'll use.
- Buy enough minutes! Those "per minute" charges can add up.
- Consider a prepaid phone plan (good companies are Tracfone and its sister company, NET10, Virgin Mobile, and T-Mobile To Go). Buy a year's worth of minutes.
- Eliminate your wireless phone altogether!

Some Common Money Wasters

- Bottled water
- Extended warranties
- Specific-death insurance (like cancer insurance)
- Child life insurance
- Rental car insurance
- Credit card loss protection
- Timeshare vacations
- Cigarette smoking
- Inkjet printer ink
- The lottery
- College textbooks
- Hybrid cars
- Greeting cards

How to Save Money in College

Textbooks:

- If you're studying the classics, get them for free at **Gutenberg.org**.
- Visit **Amazon.com**, **eBay.com**, **abebooks.com**, **bestbookbuys.com**. These are sites that sell textbooks cheaper than buying them at the campus bookstore.

Tuition: Consider the 2/2 plan, which is two years of community college and two years at a four-year college or university.

How to Spend Less Money

Comparison Shop

The best way to comparison shop is to go online. There you'll find shopbots. That's like a combination of shopping and robots. These are comparison Websites that will give you prices on a wide variety of things.

- **mysimon.com**
- **shopzilla.com**
- **dealttime.com**
- **shopping.com**
- Google products search

Also consider a subscription to **consumerreports.org** and use the free **consumersearch.com**.

Associations and Clubs to Check Out

Here are some associations that can offer savings on other things as well.

- AAA
- **AARP.org**
- Costco
- Sam's Club
- BJ's Wholesale
- Credit cards

Spend Less Money on Gas

- Check out **gasbuddy.com** to see the lowest fuel price in your area.
- Don't use gas additives.
- Drive as if you had uncovered hot coffee in your cupholder.
- Use cruise control as often as possible.

Prescription Drug Savings

To find information on cost-effective drug substitutions, you can go online to **CRbestbuydrugs.org**.

Visit Websites such as **destinationrx.com** or **pharmacy-checker.com** or **pillbot.com** to compare prices.

If you don't have insurance, or you have an especially low income, you might qualify for a variety of programs. Some examples are:

- A Partnership for Prescription Assistance
- RX Outreach
- Together RX Access

Online Eyeglasses Savings

Check out a website called Zenni Optical, **zennioptical.com**, where you can get glasses for as little as \$8.

Find reviews of these online glasses places at **eyeglassretailerreviews.com** and **glassyeyes.blogspot.com**.

Holiday Savings Ideas

Christmas

- Set a budget of no more than 1.5 percent of your annual income.
- Shop online.
- Keep holiday trips separate from your regular shopping.
- Be organized: Keep a list, stick to the list, make a budget, and stick to the budget.

Valentine's Day

- Consider celebrating after the 14th.
- Go out only for appetizers, drinks, or dessert.
- Plan inexpensive dates like picnics and museum visits.
- Choose fewer but higher-quality chocolates.
- Go to a florist and get a single rose instead of ordering a dozen to be delivered.

Saving on Your Taxes

Don't use an accountant if your taxes are simple. You also want to check out free filing programs if your income level qualifies. For more information you can go to the IRS website at **IRS.gov**.

There is a lot of tax preparation software available online. You can actually go to the websites and try the software out at such sites as **turbotax.com**, **taxcut.com**, and **taxbrain.com**. They're free to try to see how well you like them. Do they ask questions in a way that makes sense to you? If they do, they're more likely to get you all of the deductions you're entitled to.

If you are going to use a professional to prepare your taxes, it makes sense to comparison shop. Getting recommendations by word of mouth is a good idea, but ask around and shop around, because prices can vary dramatically. Be sure to ask about the total cost of tax preparation. Some tax-preparation chain stores entice you with a low advertised price but then nickel-and-dime you for additional services.

And absolutely, positively do not get a refund anticipation loan. That's when you pay the preparer a fee to give you instant cash based on what your expected tax refund is going to be. You'll probably be getting your refund in 10 days or so anyway.

Renting a Vacation Home

If you need at least two hotel rooms, a home rental is likely to be a lot cheaper. There will be a kitchen, which means you can eat in for a few meals, and that's going to save you money.

A home rental also has a lot of amenities that you're not going to get in a hotel room. There might be beach chairs and beach toys that are left there from one tenant to the next, possibly bicycles—it might even have a washer and dryer, which is useful on a vacation. You're not going to get that at a hotel. A lot of vacation rentals are also more accepting of pets, so that might be a reason to get a vacation rental instead of a hotel room.

Check out the following websites to book a vacation home rental:

- **homeaway.com**
- **vacationhomes.com**
- **vacationrentals.com**

Smart Money Moves

Checking Accounts

First and foremost, you want to get free checking. There should be no reason to pay for a checking account. You should also get unlimited check writing with that free checking account and no minimum balances.

Print your own checks at:

- **walmartchecks.com**
- **checksinthemail.com**
- **checkworks.com**

Online Banking

Many online banks have better deals on savings than regular banks.

- **emigrantdirect.com**
- **ingdirect.com**
- **HSBCdirect.com**

Visit **findacreditunion.com** to find out which credit unions you might qualify to join.

About Your Credit Report

Companies you owe money to and regularly pay report on you to three credit bureaus: Experian, Equifax, and TransUnion.

Your credit report will show whether you paid your bills or not and whether you paid late, and just how much credit you have available to you.

They constantly report all the good things and all the bad things about your use of credit. That all gets funneled into a formula, which becomes your three-digit credit score. Your credit score is more important today than ever.

Experian no longer allows the public to see credit scores.

(You can still get your Experian credit report, though, at annualcreditreport.com.) To get two of your three FICO credit scores, go to **myfico.com**. One trick when getting your credit scores at myfico is do a quick search-engine query with the keywords myfico.com and coupon code.

Free Credit Reports

Don't go to freecreditreport.com. They will try to sell you something there. Instead, go to **annualcreditreport.com** and you can get free copies of your credit reports once a year. One good strategy for getting your credit reports is to get just one of the three reports every four months. That way you can get credit reports for free and be constantly monitoring your credit. Getting reports online is the easiest way to do it, but you can also call a toll-free phone number: 877-322-8228.

Ways to Improve Your Credit Score

- Fix mistakes on your credit report.
- Pay your bills on time—every time!
- Find your credit ratio (your balances compared to your limits).
- Raise your credit limit.

Big-Ticket Items

Buying a Used Car

There are a few sites on the Internet that can help you determine how much to pay for a used car. They include **Edmunds.com** and Kelley Blue Book, and that's **kbb.com**. *Consumer Reports* offers a nice detailed report for about \$10.

With the Vehicle ID number (the VIN), you can find out the history of the specific car you're thinking of buying. You can go to **carfax.com** and for \$20, you can get a report to make sure the car was not involved in a fire or a flood, for example.

Besides the usual newspaper classifieds or for-sale sign on the windshield, you have a number of online sites where you can hunt for cars. They include **autobytel.com**, **autotrader.com**, **carsdirect.com**, and **autos.msn.com**.

Buying a Home

Mortgage affordability calculators are all over the Internet. You can run your numbers through a dozen of them to get a feel for what you might be able to afford. Start with calculators at **bankrate.com** and **dinkytown.com**.

Moving Expenses

Here are some suggestions to reduce moving expenses.

- Try to get your employer to pay for them.
- Determine if they are tax deductible at **irs.gov**.
- Be flexible on timing—avoid May-September if you can.
- Consider moving yourself rather than using a company.
- Get rid of as much stuff as possible.
- Purchase your own packing materials at a self-moving company like U-Haul.
- Research your moving company at **moving.org**.

Wedding Bell Blues

Here are some suggestions to save money on The Big Day.

- Visit **theknot.com** for a great budget calculator.
- Avoid using bridal and wedding outlets.
- Costco has great engagement and wedding rings.
- Consider renting the limo from a funeral home.
- Plan your wedding for a less expensive season or day of the week.
- Choose flowers for their color rather than type.
- Have a small wedding cake for cutting, and then serve guests from an undecorated sheet cake.
- Use a professional photographer for the wedding, and have disposable cameras at each table for the reception.

What to Spend Discretionary Money On

1. **Things You Care About:** Reduce the amount of money you're spending on things you don't care about so that you can funnel it to things you do care about.
2. **Experiences:** People are happier when spending money on positive life experiences rather than more things.
3. **Things That Will Rise in Value:** It's wiser to spend your money on things that go up in value rather than things that are sure to plummet in value. In other words, do more investing than consuming.

Fundamental Ways to Be a Smart Spender

Take a Snapshot of Exactly Where You Are Now.

It's a good idea to add up all of the income you have ever earned in your life. If you worked for employers, you can get your total lifetime earnings from your annual Social Security statement. It details how much you earned each year. If you need a copy, you can go online to **[socialsecurity.gov/statement](https://www.socialsecurity.gov/statement)**.

You could also refer to your federal income tax returns. That will give you a good idea of what you earned in any particular year.

You should also throw in other income that wouldn't appear on tax returns, like gifts of money, family loans that were forgiven, money that you earned as a teenager, and even gambling winnings.

Looking Back

The second step is to figure out what you're worth today. This is calculating your net worth. If you liquidated everything in your life, sold everything, paid all your debts, what would you have to show for it? So make two columns on paper, your assets and your liabilities.

Then, subtract your liabilities from your assets, and that's your net worth. After you do that, you'll have two numbers. You'll have your total lifetime earnings, and then you'll have your net worth, and that all comes down to one question. With all of the working and earning I've done over all these years, what do I have to show for it?

Looking Ahead

Will you continue to do things that add to your net worth, like save and invest, or are you going to continue consuming, which subtracts from your net worth?

The antidote for leaky and undisciplined spending is having goals.

Setting Financial Goals

Developing goals isn't that difficult. Basically, you want to write down all of the big, expensive items you want to buy in your life, and the other financial goals (like paying down debt) that you want to achieve. Include the long-term goals and the short-term ones. The key is that each goal has to have two components, a dollar figure and a date for completion.

Following Through on Your Goals

The key here is to allocate regular and automatic saving amounts toward each goal.

If the amount of the goal, the dollar figure, seems intimidating, it helps to break it down a little further. For example, if you want to save \$2,500 for an emergency fund, that's just \$6.85 a day for a year.

It can also help to open separate accounts for each of your goals, especially big goals like a car or a vacation.

The Spending Smart Bill-paying Method

1. **Use Direct Deposit:** This is when your employer directly deposits money into your bank account.
2. **Automate Your Bill Paying:** You can set up an automatic debit from your checking account, give the company a credit card account to debit every month, or use online banking to pay it yourself every month.
3. **Prioritize in a Crisis:** At one time or another, almost everybody has been in the situation in which there's just too much month left at the end of the money.

Often, these are very stressful times, and people can get a little confused about what their priorities should be. Here are your priorities: food, shelter, utilities, and transportation. These are your four pillars of financial security.

Wrapping Up

If there's just one message you take from this audio program, it should be this. Spending matters.

You can get out of debt and become wealthy if you spend as much time and effort on the money going out of your life as the money coming in. Remember, you can't outearn dumb spending.

Are you spending your money on purpose, or by accident and habit?

Find the motivation and the inspiration to put this advice into action in your own life.

Notes

Notes

Enhance Your Learning with These Titles from Nightingale-Conant

Simplify Your Life:

Ways to Free Yourself to Enjoy the Things that Really Matter to You

By Elaine St. James

20990CD

Protect Your Wealth:

A Three-Part Plan for Crashproofing Your Career, Finances, and Life

By Thomas Schweich

23180CD

Lessons from the Richest Man Who Ever Lived:

*Incomparable Insights and Breakthrough
Strategies for Success, Happiness, and Wealth*

By Steven Scott

23201CD

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