

Cash-Flow Control

How to keep your money where it belongs...in your wallet

By Allison Winn Scotch, *Woman's Day* 7/15/05

I call it Empty Wallet Syndrome

You could swear that you hit the ATM just yesterday, but when you swing by the supermarket to get a few things for dinner, you open your wallet and... nothing! Or maybe your bank account is running on empty and you still have bills to pay. Lay down your credit cards and step away from the sales rack. It's time to get your cash flow under control. You can do this. Just change a few bad habits and reassess some of your bigger monthly expenses and, bingo, no more unpleasant surprises at the ATM.

Money Pit #1

Shopping the Sales

We've all been seduced by the lure of a sale. After all, if prices are discounted, you'll save big, right? Not always. "Sale tags are great marketing strategy because they make consumers think that merchandise is marked down, but that's not always the case," says Christine K. Walker, author of *The Smart Mom's Guide to Staying Home*.

- Remember that buying a sale item you don't need is still an expense that required cold, hard cash. "People buy things just because they're on sale: clothes that don't fit well, home furnishings that don't match," says Walker.
- Beware of splurging at outlet stores. "Years ago outlets existed to farm out the remaining items in a product line," says Walker. "But now, retailers such as Brooks Brothers and Casual Corner make items exclusively for outlets that may be of lesser quality but sold at a similar price." Check the quality, pricing, and return policy at the retail store before going to the company's outlet.
- "To stop overspending, arm yourself with a list, and hit the store with a thrifty friend. She'll make you stick to what you need," says Olivia Mellan, coauthor of *Overcoming Overspending*. "Or tape a picture of something you're saving for on top of your wallet. You'll be reminded of it every time you take out money."

Money Pit #2

Spoiling Your Furry Friends

We love our pets. In fact, last year Americans forked over \$34 billion caring for them. "There are so many ways to save money on your pets, and they'll be none the wiser," says Charlotte Reed, a pet expert in New York City.

- Resist buying too many products for Spot. "Skip the special pads when you're house training. Newspaper works just as well. And a dog or cat needs only a few toys; if you rotate them, he won't get bored."
- Nutro offers a frequent-buyer program, and Purina will send you coupons for two free cans of food. Just log on to the web sites for information.
- Medical care for a pet can be a real financial drain. "The SPCA or local Humane Society has very good low-cost vet care," notes Reed. "A regular vet visit in New York City, for example is \$65 to \$70, but at these organizations, a visit runs about \$40."

Money Pit #3

Overshopping at the Supermarket

"In our time-starved world, it's very easy to shop meal to meal, which can be just as expensive as going to a restaurant," says Jean Chatzky, author of *Pay It Down: From Debt to Wealth on \$10 a Day*.

- To purchase only what you need, shop with a list that includes a week's worth of meals, taking into account a night or two of leftovers.
- Clip coupons solely for items you current use, not ones you want to try. Always look for stores that double or triple your coupon savings.

- Before you hit bulk stores, check prices at your local shops. Some paper goods might be less expensive on sale at the drugstore. And forget about super-size perishables. They often go bad before you finish them.

Money Pit #4 Paying Late Fees

Each time you miss a credit card company's payment deadline, you risk much more than a one-time late fee. Soon, you may find your low interest rate has shot up to as high as 29.9 percent. But it gets worse. "If other credit card companies that you do business with see you've been late with another creditor, they may bump up your rate on their card as well," says [Leslie E. Linfield, author of *Budget! It's Not a 4-Letter Word*](#).

- Try to pay off your balance each month and send your payments early. "The postal service is under no obligation to get your payment to the bank on time, you are," says [Linfield](#). "Check what bills have arrived each week and plan accordingly." Use electronic bill payment - it's faster.
- Review your credit report annually to ensure there's no misinformation on it, such as incorrectly reported late payments. With the passage of the Fair and Accurate Credit Transactions Act, you're allowed one free credit report a year from each of the three major credit bureaus. Log on to www.annualcreditreport.com.
- When all else fails, call the credit card company. "If you've had a good relationship, they may waive the fee or lower the rate," says [Linfield](#).

Money Pit #5 Overpaying Taxes

Many people unknowingly have too much in taxes withheld from their paychecks, and are overpaying throughout the year. "People get so excited when they get a refund in April, but this isn't found money, and it's not a windfall," says [Linfield](#).

- The average refund in 2004 was \$2,100. That's an extra \$175 a month you could have in your pocket. To determine how much you owe per paycheck, look at last year's tax return for a line that notes your tax liability to the government (the total taxes you owe). Divide this amount by the number of times you get paid each year. If your tax liability reads \$5,000, and you're paid 25 times a year, you should be paying \$200 in taxes each paycheck. Go to your human resources department and change the number of deductions on your W-2 to keep your hard-earned money.

Money Pit #6 Not Updating Your Phone and Cable Plans

In 2001, American households spent an average of \$225 a month on their combined phone, cable, Internet, and cellular bills. "Chances are that since you've signed up with your carrier, it's introduced lower rates, though it might not advertise them to current customers," says Judy Lawrence, author of *The Budget Kill*, whose web site is www.moneytracker.com.

- Call the carriers of your present cell phone, long-distance and cable plans (or go online) and ask about current promotions. If you've seen a cheaper plan with a competitor, let your current carrier know you'll make the switch if it can't beat it.
- When possible, consolidate your service, such as cable and Internet, or local, long-distance, and cell phone, with one company. You'll often get a discount for doing so.

Loose Change

It's easy to think that a dollar here, a dollar there doesn't make a difference. "But people are being nickled-and-dimed to death," says Michael McAuliffe, president of the nonprofit Family Credit Counseling Service (www.familycredit.org).

Avoid these classic money wasters:

1. Don't take children with you when you shop. They often persuade you to buy unnecessary items.

2. Shop for cleaning supplies, beauty items, and toiletries once every three months and stick to a detailed list.
3. Ask your employer about flexible-spending health benefits. These plans let you pay for OTC medications, prescription drugs and physician copays with pre-tax dollars.
4. Switch to a bank with a large network of ATM outlets to avoid fees each time you withdraw cash. Or take out more money at once, then tuck it away until you need it.
5. Americans are increasingly ordering in or taking out, and it's setting us back to the tune of more than \$2,000 a year. So start cooking a few meals a week. Fast-food restaurants aren't cheap solutions either. An American Dietetic Association study notes that forgoing fast food in favor of home-cooked meals boosts your health as well.