

Ten Ways to Stretch Your Money

We all want more money. Many of us would also like to work less. While this may seem like a dilemma, there may be a solution. The best way to increase money without increasing your hours is to *avoid* excess spending in the first place. Some people call this a budget, but you could just as easily call it a spending plan. Here are ten tips to help you maximize and stretch your hard-earned cash:

1. Create a spending plan. Many people resist the idea of a budget, and associate it with hardship. Instead, look at it in a *positive* way. Create a monthly "spending plan" for your fixed and discretionary (optional) expenses. When you *plan* your spending, you may find you spend more wisely, because *you're taking control*.

2. Pay yourself first. Put savings at the top of your spending plan. If you wait until the end of the month to save any leftover cash, you may find yourself without a nest egg when you need it most. A good general rule of thumb is to save at least 10% of your income before spending the rest.

3. Track your spending. Record your expenditures for a month, especially for small optional items. You may be surprised to discover how easily purchases costing only a few dollars can add up. At the end of the month, review your expenditures and adjust your spending plan accordingly. Once you see *where* your money is going, you may want to make different choices about your spending.

4. Live within your means. Many people feel they never have quite enough to live on, yet they probably know people who manage successfully on less. Spending is relative. If your expenses are in line with your income, you are living within your means.

5. Shop for value. Look for opportunities to get more value from each dollar spent. Join a warehouse or shopping club and buy in bulk. Purchase clothing, furniture, and household goods when they are on sale. Consider buying used cars and appliances. Big-ticket items like these often depreciate substantially in the first one or two years.

6. Minimize debt. Keep your debt level low. By reducing debt, you also minimize interest and finance charges. When you are tempted to charge a purchase, remember that you are committing yourself to pay for it from income you have not yet earned.

7. Eat in. Restaurant dining can be expensive, since you are paying for service, as well as food. Tips and meal taxes can add 20% or more to the bill. Liquor and desserts (which you otherwise might not eat at home) can boost the tab even higher.

8. Reduce housing costs. Housing is a major fixed expense. Consider reducing this cost by buying or renting a smaller place, or one with fewer amenities. If you rent, and plan on staying in an area for more than a few years, consider buying. Owning a home is often more expensive than renting at first, but the costs are usually lower in the long run. Remember, a house is an investment that generally appreciates over time.

9. Trim transportation costs. Transportation is another large expense for most families. Many households now own more than one vehicle. The more cars you own, the higher

the costs for insurance, repairs, fuel, and parking. Use public transportation, or carpool, if possible. The savings in vehicle-related expenses may offset any slight inconvenience.

10. Set aside a cash reserve. Having a cash reserve can help you stick to your spending plan and help keep you out of debt when emergencies, such as a major car repair or short-term disability, arise.

Cutting back on excess spending does not have to be difficult, nor does it mean that you must continually deny yourself many of life's simple pleasures. You will find that, when you live within your means and pay yourself first, your debts will decrease as your savings grow. A personalized spending plan can provide that "extra" income and stretch your hard-earned cash.

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