

PICTURE AN EXTRA

\$AVE

(OR MORE!) IN YOUR POCKET

Forget penny-pinching and self-deprivation. In this year-round savings guide, personal finance experts share their best tips for curbing your spending as painlessly as possible, so budgeting never feels like a chore. The secret? Making minor adjustments in your behavior—from buying movie tickets in bulk to using a programmable thermostat—that add up to major dough over the course of 12 months. It'll be the best money you never spent. **By Kate Rockwood**

COVER PHOTOGRAPH BY LEVI BROWN | ILLUSTRATIONS BY YAREK WASZUL



START WITH A WARM-UP

"You don't run a marathon the first day you start exercising, and getting in financial shape is no different," says Mary Caraccioli, host of the cable show *We Owe What?* Below, her easy-does-it regimen for building better saving habits over time.

Step 1: Pledge to spend 15 minutes a day for a week just getting organized—gathering your bills and documents and sorting them into piles.

Step 2: The next week, use that time to assess your financial health: Look up your credit score, check your balances, and review your retirement accounts.

Step 3: Now you're ready to think about where you want to go—and I'm not talking about retirement. Planning for retirement is like vowing to eat carrot sticks because they'll help you live longer; most of us still reach for the fries. Choose a goal that would change your life in the near future. Maybe you want to move to a larger apartment, go to graduate school, or switch careers.

Step 4: Break your goal into smaller pieces. How much can you aim to save each week or each month? Then spell out how you'll do that. Once you have a purpose, you'll be less distracted by temptations (like dinner out with friends or a new pair of shoes). Saving won't be this thing you should do, but this thing you choose to do. And once you've accomplished your goal, setting the next one will feel less like sacrifice and more like opportunity.



DIAL UP CELL SAVINGS

If you live with teens (or text like one): Sign up for an unlimited message plan (about \$20 a month). The average teen taps out 3,417 texts per month. Even if your current plan affords 3,000 texts, that extra 417 a month—at a cost of 20 cents each—will make your phone company LOL.

■ POTENTIAL SAVINGS: \$760 PER YEAR IN THE SCENARIO ABOVE

If you have butterfingers: Spring for phone insurance. Theft and water damage aren't covered by most warranties. "That \$5 a month or so is worth it," says Todd Day, a telecommunications analyst at Frost & Sullivan.

■ POTENTIAL SAVINGS: \$215 PER YEAR FOR ANYONE WHO HAS TO REPLACE A SMART-PHONE EVERY TWO YEARS

If you talk less than 100 minutes a month: "A general rule of thumb is that for extremely low-volume voice-only customers, a prepaid plan is the best option," says Sam Simon, a senior fellow at the New Millennium Research Council. The lowest carrier contract might be \$40 for



SUPER SAVERS

James, 45, and Laura Kremko, 38
HOMETOWN
Vacaville, Calif.
OCCUPATIONS
He works for the state of California; she is a nurse
SAVINGS RATE
40 percent

Growing up with a single mom, James vowed never to live paycheck to paycheck. He and Laura put away nearly half of what they earn. James's pension from the air force and rental income from two houses help them save; but they're also not splashing out on big expenses.

"We're not a keep-up-with-the-Joneses type of family," James says. "My vehicle is a 1999 and my wife's is a 2004. Our house is a three-bedroom and it fits us well. We're not interested in a McMansion."

The Kremkos have their eye on retirement—James maxes out the limit on a 401(k) and a 457(b). In the meantime, they plan to pay for their daughter's tuition when she starts college next fall. —Kate Ashford

450 minutes per month; a prepaid plan may include 120 minutes for as little as \$29—and the minutes are good for three months.

■ POTENTIAL SAVINGS: \$306 PER YEAR IF YOU BUY SIX ROUNDS OF 120 MINUTES TO LAST 12 MONTHS (WHICH AVERAGES OUT TO 60 MINUTES A MONTH)

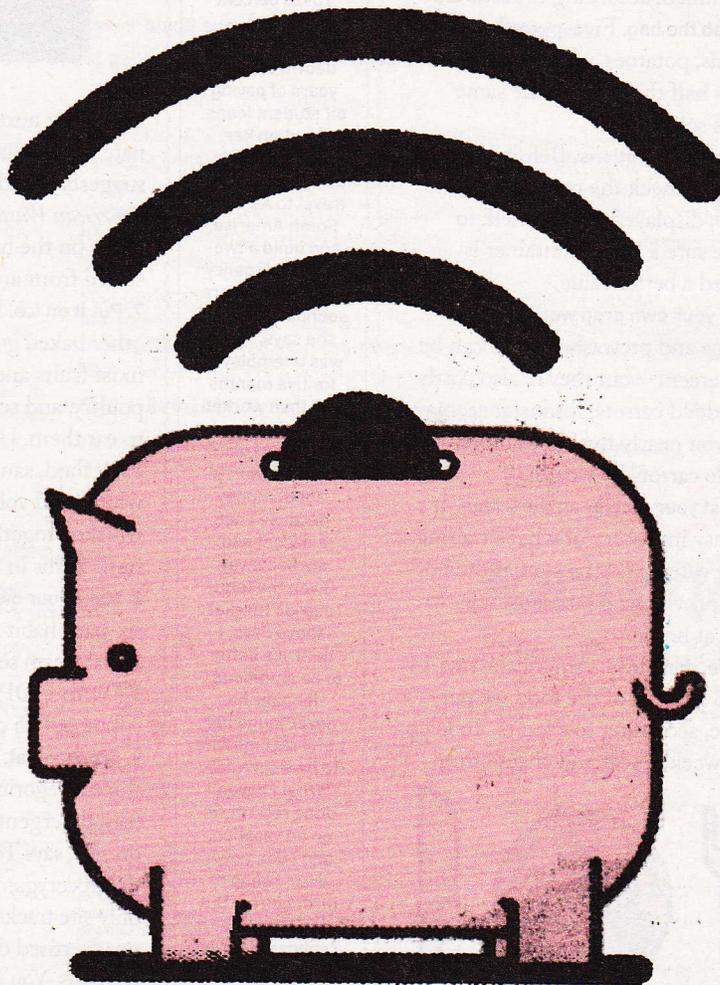
If you regularly go over your minutes: Try to change your calling plan, even if you're in the middle of your contract. One estimate puts the median charge for exceeding your monthly minutes at \$85 a month. Your ideal

move, says Simon, may be switching to an unlimited prepaid plan—which includes talk, text, and data for a fixed fee, sometimes as low as \$50 a month.

■ POTENTIAL SAVINGS: \$1,020 (THE MEDIAN OVERAGE CHARGE OF \$85, TIMES 12)

If you are shopping for a new contract: Check out billsshrink.com, a free site that compares your phone usage with 10 million data points to help find the best carrier and deal for you.

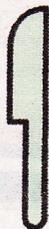
■ POTENTIAL SAVINGS: MORE THAN \$300 PER YEAR, ACCORDING TO BILLSHRINK'S ESTIMATES



CUT YOUR GROCERY BILLS

The average family of four with school-age children spends about \$235 a week at the supermarket. But by following these nine expert tips, that family could shrink its receipts by \$50 a week.

- 1. Make a list.** Planning your meals for the week means you're less likely to buy extra food—or run short and call for takeout. It may also help check your impulse buys: About 20 percent of grocery purchases are unplanned, according to research.
- 2. Grab the bag.** Five-pound sacks of onions, potatoes, and oranges are often half the price of the same items sold loose.
- 3. Weigh the options.** Before you buy in bulk, check the cost per unit, or CPU, displayed on the shelf, to make sure a larger container is indeed a better value.
- 4. Do your own prep work.** Grated cheese and prewashed salad can be convenient—but they're also costly. Shredded carrots, for instance, may run you nearly five times more than whole carrots by weight.
- 5. Post your receipt on the fridge.** It's an easy inventory of what's waiting to be eaten, and the sum at the bottom provides a gentle reminder to dine at home.
- 6. Use, don't lose.** Americans toss 14 to 25 percent of the food we purchase, according to experts. To keep this week's meat and cheese from



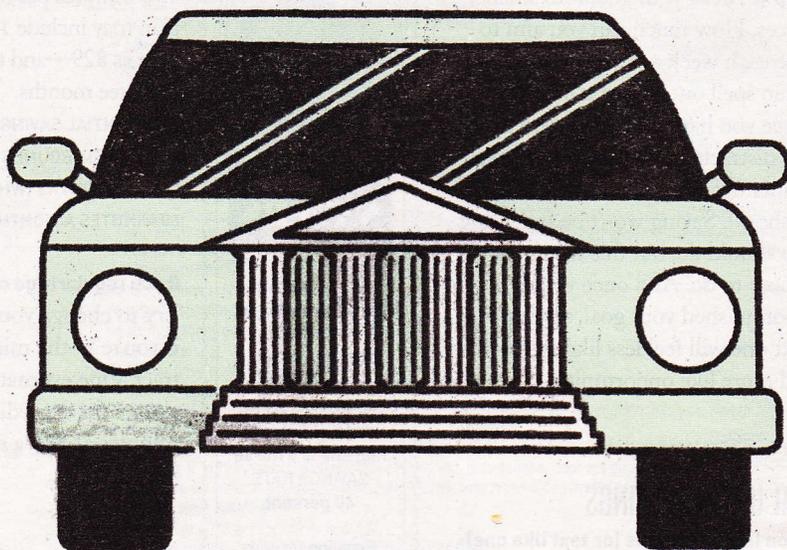
SUPER SAVERS

Jennifer Terry, 38
HOMETOWN
New Orleans
OCCUPATION
Service and innovation manager for the city
SAVINGS RATE
20–25 percent

Jennifer is finally debt-free after years of paying off student loans.

Next on her financial to-do list: Buy a condo, travel to Asia and South America, and build a two-year emergency fund. "Two years sounds extreme," she says, "but I was unemployed for five months and then worked part-time for a year, and I didn't have to worry about money because I had a decent sum socked away. Given the tenuous job market these days, I think it's better to be ambitious."

Jennifer has never found her hefty savings rate to be a sacrifice. "What I haven't done recently is go on vacation, and I don't own a car. I shop at thrift stores. But I don't consider it a subpar lifestyle. I have a normal life." —K. A.



becoming next week's trash, designate a use-it-up area in the fridge, suggests Jonathan Bloom, author of *American Wasteland*. Make sure items on the brink of expiration are stored front and center.

7. Put it on ice. Freeze bread and other baked goods, hard cheeses, most fruits and vegetables, meat, poultry, and soups until you're ready to eat them. Use ice trays to freeze baby food, sauce or stock, raw egg whites and yolks (separated or whisked together), and chopped fresh herbs in water.

8. Make your own soda. Is the family's six-pack habit adding up? Consider a SodaStream seltzer machine (from \$80). Your DIY fizzy beverages will cost about 25 cents per 12 ounces.

9. Score a deal. Every week, two to three categories in your supermarket (say, detergent and snack bars) go on sale, says Teri Gault, founder of thegrocerygame.com. Her members-only site tracks these sales, as well as unadvertised deals, specials, and coupons. You can sign up online for a

one-month trial, with the option to continue membership for as little as \$1.25 a week.

■ POTENTIAL TOTAL SAVINGS FOR ALL NINE TIPS: \$2,600 PER YEAR



TUNE UP YOUR CAR BUDGET

Go easy on oil changes: "Because oil today is so much better than it was 25 years ago, the old guideline to change it every 3,000 miles no longer applies," says Philip Reed, senior consumer advice editor at car site edmunds.com. "Instead, follow your owner's manual and your car's oil-life-monitoring system. A safe bet today is 7,800 miles or longer." (More savings will come from avoiding the add-ons many shops suggest.)

■ POTENTIAL SAVINGS: \$115 PER YEAR

Fuel smarter: Use the consumer advocacy site gaspricewatch.com or the free app GasBuddy to find the cheapest fuel in your area at any given time. And, when you can, fill

your tank early in the week: Gas prices tend to rise closer to the weekend, when more drivers are running errands.

■ POTENTIAL SAVINGS: \$120 TO \$250 PER YEAR

Comparison shop: Get a few estimates before you make any big repairs, says AAA's John Paul, a certified mechanic and host of the radio show *The Car Doctor*. An estimate should include parts (new or used) and labor (dealerships tend to set their rates near \$100 an hour; independent shops are closer to \$70). Paul recommends reviewing the estimate with the service adviser and speaking up if you'd prefer to go with remanufactured or used parts. Saving 15 percent on one major repair a year is worth the effort of shopping around.

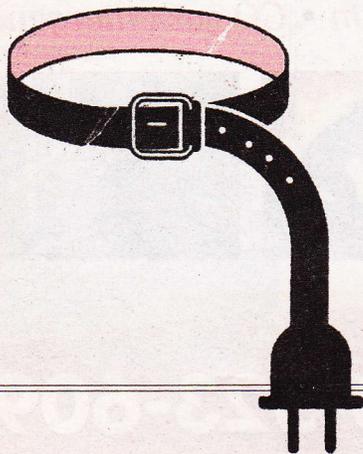
■ POTENTIAL SAVINGS: \$285 PER YEAR



LOWER YOUR ENERGY BILLS

With a few simple gadgets and products, you can significantly reduce your expenses—no sweating or shivering necessary.

Black & Decker Thermal Leak Detector (\$49) Finding and fixing drafts on windows, outlets, and poorly insulated walls can slash your heating and



cooling bills by as much as 20 percent.

■ POTENTIAL SAVINGS: \$200 PER YEAR

Tide ColdWater Detergent (\$11) Up to 90 percent of the energy required to wash a load of laundry goes into heating the water, even though colder temps may do the trick just fine.

■ POTENTIAL SAVINGS: \$40 PER YEAR WITH AN ELECTRIC WATER HEATER; \$30 PER YEAR WITH A GAS HEATER

Lux Smart Programmable Thermostat (\$70) It should pay for itself in a few months. Adjusting the temperature about 8 degrees during the hours you're at work and sleeping can save about 15 percent.

■ POTENTIAL SAVINGS: \$180 PER YEAR

Philips Compact Fluorescent Bulb (\$10) Replace just five frequently used lights with these super-efficient bulbs and see a noticeable drop in electricity costs.

■ POTENTIAL SAVINGS: AT LEAST \$70 PER YEAR

A.M. Conservation Group Filter Whistle (\$4) Cleaning your furnace filter regularly can shave 15 percent off your heating bill. The whistle will alert you when it's time.

■ POTENTIAL SAVINGS: \$95 PER YEAR



BUY TICKETS IN BULK

Popcorn isn't the only pricey thing at the movies: Tickets cost about \$8 on average. Frugal cinophiles should buy them in advance. Regal Entertainment Group, the country's largest theater chain, sells blocks of 50 for \$6.50 each.

■ POTENTIAL SAVINGS: \$72 PER YEAR FOR A FAMILY OF FOUR THAT GOES TO THE MOVIES ONCE A MONTH



SUPER SAVERS

Lou, 37, and Christine Leonardis, 35
HOMETOWN
Madison, N.J.
OCCUPATIONS
He has a graphic design studio; she is a Spanish teacher
SAVINGS RATE
30–35 percent

As a small-business owner, Lou is conscious that his income isn't guaranteed. "One year can be unbelievably good, and another, you worry," he says. So Lou and Christine—who have two kids and a third on the way—want to create a safety net. Whenever Christine gets a raise or Lou lands a big job, a portion of the money is immediately allocated to savings. "If anything happened to the house, I've got cash to take care of it," Lou says. He also contributes to \$29s for his children's education. "My parents weren't the best money managers, and it ate me up knowing how much interest they paid on debt. I want to retire comfortably."
—K. A.

DITCH YOUR PRIVATE MORTGAGE INSURANCE

If you buy your home with a down payment of less than 20 percent, you are typically required to pay for private mortgage insurance (PMI). "It is canceled automatically when the loan balance is reduced to 78 percent of the home's value," says Jack Guttentag, founder of the site mtgprofessor.com and a professor emeritus of finance at the University of Pennsylvania. "But the law also requires that lenders terminate the insurance at the borrower's request when the balance hits 80 percent." With PMI rates ranging from 0.5 to 2.5 percent of the total loan, an early cancellation could mean a significant chunk of change.

■ POTENTIAL SAVINGS: \$1,500 PER YEAR ON A \$300,000 MORTGAGE



CHALLENGE YOUR PROPERTY TAXES

According to the National Taxpayers Union, 30 percent of houses or more may be overtaxed. During the real estate boom last decade, tax assessments climbed, but then home values tumbled, and many local governments haven't adequately reassessed or have raised rates. Challenging a property bill is typically a free (if lengthy) process. The first step is to study your property card for any mistakes in the specs. Then compare your home's value and taxes with houses sold nearby. (Valueappeal.com is a great tool.) Use the tips at ntu.org/tax-basics to help build a case before filing an appeal with the town's assessor.

■ POTENTIAL SAVINGS: HUNDREDS TO THOUSANDS OF DOLLARS PER YEAR

SHOP THE CALENDAR

IF YOU TIME YOUR PURCHASES, YOU MAY BE REWARDED WITH BIG DISCOUNTS

January: Many airlines and hotels try to entice tourists with deals on vacation packages after the peak of warm-weather travel in December.

February: Furniture retailers offer sales to make way for new designs, which debut in the spring.

March: Eager to clear shelves for summer's new golf clubs, many sports stores sell old clubs at reduced prices.

April: Folks with spring-cleaning fever are donating

clothes, furniture, and home goods, making this the best month to treasure-hunt at thrift stores.

May: Mattress manufacturers are shipping new models, so retailers are keen to move lingering inventory.

June: The height of wedding season has stores courting brides-to-be. Get in on dishware discounts with or without the ring.

July: Power tool prices plummet on post-Father's Day stock.

August: Swimwear. No surprise that the end of summer means deals.

September: To help create space for snowblowers and other winter gear, the price tags on lawn mowers get trimmed.

October: Stock up now on next summer's patio furniture.

November: Black Friday and Cyber Monday are fueled largely by deals on electronics.

December: Car dealers who want to boost sales numbers before the end of the year are in the mood to bargain.

SHED INVESTMENT FEES

It's one of the quickest ways to save, says Guy Penn, principal at G.M. Penn Wealth Management. Consider rolling over 401(k) accounts from old jobs into a self-directed IRA. Since the average 401(k) is \$75,000, saving 1 percent makes sense.

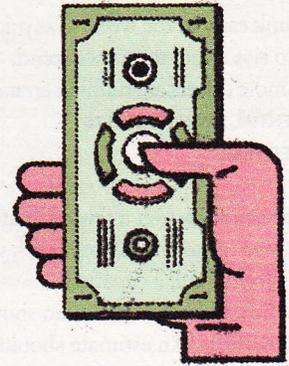
■ POTENTIAL SAVINGS: \$750 PER YEAR



CUT THE CABLE CORD

Five years ago, watching your favorite shows without a cable box practically required a computer science degree. Today, it's pretty straightforward.

Step 1: Invest in a streaming player, like Roku or Apple TV. These simple devices (which cost less than \$100) connect your Internet to your



TV, making the new viewing experience identical to the old boob tube.

Step 2: Using your streaming device, access the content services that best fit your needs: Netflix (\$8 a month) offers thousands of movies and TV episodes; Hulu Plus (\$8 a month) streams episodes just a few days after they air on TV, but includes commercials.



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Step 3: Can't find a particular show you want to watch? For a few extra bucks, Amazon Instant Video and Apple's iTunes let you access episodes and movies that aren't offered through subscription services.

■ **POTENTIAL SAVINGS:**
\$700 PER YEAR



RAISE YOUR DEDUCTIBLES

Increasing your home-insurance deductible to \$1,000 from \$500, for example, could save 25 percent on your policy—a smart move considering that many homeowners file claims only once every 8 to 10 years.

■ **POTENTIAL SAVINGS:**
\$200 PER YEAR



CUT BACK ON STAMPS

Making monthly payments online won't simply save you the \$4.50 it costs to mail 10 bills; it guarantees you'll skirt a late-payment fee if one of your envelopes is lost en route.

■ **POTENTIAL SAVINGS:**
\$79 PER YEAR

P WHAT'S YOUR MONEY PERSONALITY?

Are you a risk taker or a security seeker, a high roller or a fiscal conservative? Find out by taking our quiz at Parade.com/save. The results might surprise you!

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IN 2013

\$10,000
WORTH OF TIPS INSIDE

SUNDAY, JANUARY 13, 2013