



The Basics

50 ways to trim your budget

You don't have to give up the things you love to save money. You just have to be willing to look hard. Start with your fixed expenses, then review your discretionary costs.

By [Liz Pulliam Weston](#)

Lou knows his family is in a vicious cycle with credit cards. He's just not sure how to get out.

Bills and credit card payments eat up most of the Mansfield, Ohio, family's income, leaving them little left over to pay for groceries and other basics. So they wind up charging more.

"My family has about \$12,000 in debt to credit card companies," Lou wrote in an e-mail. "We want to stop using these cards and get this fixed. But we are 'bridging the gap' with credit."

Talk back: [Do you and your spouse clash over budgets?](#)

Like many families, Lou's clan already has trimmed some of the obvious expenses, such as eating in restaurants. But really getting your budget in line may require rethinking just about everything on which you spend money.

Look at the biggies first

The biggest savings often lie in the areas where you spend the most money: housing, transportation, food, insurance, health care and clothing. Here are some ideas for places to look for savings.

Average household spending	
Average income (before taxes)	\$82,195% of expenditures
Average annual expenditures	\$62,503N/A
Housing	\$20,28332%
Transportation	\$11,33818%
Food	\$7,920 13%
Personal insurance and pensions	\$7,383 12%
Other	\$6,250 10%
Health care	\$3,713 6%
Entertainment	\$3,124 5%
Apparel and services	\$2,381 4%

Source: U.S. Department of Labor, Bureau of Labor Statistics' Consumer Expenditure Survey 2006

Housing and utilities

If you're struggling with an unaffordable mortgage or rent payment, moving to a cheaper place or getting a roommate may be options. Otherwise, some ways to lower your housing costs include:

Refinance your mortgage to get a lower rate or switch from a 15-year mortgage to a 30-year loan.

Raise your deductibles on your homeowners or renters insurance.

[Challenge your property-tax assessment.](#)

Eliminate premium channels from your cable or satellite TV service.

Drop the pay TV services altogether.

Reduce phone extras such as call forwarding or call waiting.

Cancel your land line in favor of cell service (or vice versa).

Seek a cheaper long-distance carrier (try [SaveonPhone.com](#) or [LowerMyBills.com](#)) or switch to Internet calling if you have high-speed service.

Investigate whether bundled service (phone, high-speed Internet and cable television) might save you money.

Wash only full loads of dishes or clothes.

Use a clothesline and use your dryer just to soften air-dried clothes.

Use shades, blinds and drapes to regulate your home temperature: Keep them open in the winter to let in light and drawn in the summer to block the sun's rays.

Install a programmable thermostat so your home is heated or cooled only when you're actually there.

Don a sweater in winter and shorts in the summer so you're not overheating or cooling your house.

Switch to compact-fluorescent bulbs, and turn them off when not needed. Turn off TVs, computers and other electronics when not in use.

Rob Seiss of Pearl River, N.Y., said he's constantly nagging his family to turn off the lights and TV. He also turns down the thermostat at night and when his family is on vacation.

"Now, I don't just sound like my father," Seiss said. "I am my father."

Transportation

Buying used cars and driving them for years is a great way to reduce your lifetime transportation expenditures. But there are other, more immediate ways to save, as well:

Raise the deductibles on your auto-insurance policy.

Get all the discounts you deserve, such as good-driver, good-student and multiple-car discounts.

If you're driving less, tell your insurer; you may get a cheaper rate.

Cancel collision and comprehensive insurance on cars older than five to seven years.

Investigate carpools and public transportation. Cities often have online trip planners to help you figure out the system. See if your employer offers any subsidies. [Look into car sharing.](#)

Bike or walk as often as possible.

Avoid repair bills by maintaining your vehicles properly with regular oil and filter changes.

Group your errands and, if you have more than one car, use the vehicle with better gas mileage.

"Just because you have a gas-guzzling SUV," said Kevin Schilling of Kansas City, Mo., "does not mean that you have to drive it to the store to pick up a gallon of milk." You'll find more ideas in MSN Money's [Save on a Car Decision Center.](#)

Video on MSN Money



[▶ When to look for a financial adviser](#)

Financial planner Linda Lubitz Boone discusses when you should look for an adviser and what one can do for you.

Food

Dining out consumes about half the average family's food expenditures, so eating in more often is one of the fastest ways to trim your budget. (But first, read "[Big night out, small price tag.](#)") Other ways to control costs include:

Bring lunches and snacks to work.

Cook once, eat twice: Double whatever you're making and freeze the excess for a later meal.

Make at least one or two meatless meals each week.

Avoid overpackaged, overprocessed and highly advertised foods. The closer a food is to its natural state, the less

it tends to cost.

Buy fruits and vegetables in season. Also check out your local farmer's market.

Cruise through your fridge daily to use items before they go bad.

Give up a vice (smoking, drinking, soda, salty snack foods).

Use the weekly grocery store circulars to see what's on sale and plan meals accordingly.

John and Carla Robertson of Denton, Texas, have turned meal planning into a family affair, soliciting input from their three young kids.

"Every weekend we sit down and make out the next week's menu," John Robertson wrote. "We refer to old menus for meals that we enjoyed, and we put together a lunch and dinner menu for the entire week. We also plan on cooking extra at some meals so that the leftovers can be used for lunches a day or two later."

Marcia Spires of New York City has another tip: Avoid recipes that require you to buy exotic ingredients you're unlikely to use again. "I'm a lazy cook on a budget," Spires declared. "I look at the elaborate recipes in magazines and count the ingredients (are they capital intensive?) and the number of verbs in the instructions (are they labor intensive?). Too high a score and I skip to the next page."

[Continued: Insurance, retirement and health care](#)

Personal insurance and retirement

You might be tempted to cut back on your 401(k) contributions to pay off debt, but that's not a good idea, if you can avoid it. Most companies with 401(k)s offer matching funds, so failing to contribute means you lose that free money. You also don't want to drop disability insurance, which protects you should illness or accident prevent you from working. Here are better areas to look for savings:

Consider "refinancing" your term life insurance; [rates have dropped](#) in the past decade, so you might be able to qualify for a lower premium.

If you have a long-term disability policy, investigate the savings if you opt for a longer waiting period to reduce premiums (if you have an emergency fund or other income to bridge the gap).

Suspend contributions to annuities and other accounts that don't offer matching funds or tax breaks.

Make sure you got proper tax credit for last year's retirement contributions if your adjusted gross income was less than \$25,000 (for singles) or \$50,000 (for couples). The retirement tax credit of up to \$1,000 for lower earners is one of the most overlooked tax breaks, said MSN tax columnist Jeff Schnepfer in "[10 big deductions too many people miss](#)." If you deserved this break but didn't take it, it's worth amending your return.

Health care

Medical costs are rising at a rate much higher than general inflation, while employers are asking their workers to shoulder a bigger share of the expense. You can fight back if you:

Buy generic drugs.

Look for free and low-cost clinics.

Use urgent-care clinics rather than emergency rooms whenever possible.

Ask for discounts when you pay cash.

Carefully review hospital bills for errors.

Monitor insurance claims to make sure they get paid.

You'll find more information in MSN Money's [Health Insurance Decision Center](#).

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Clothing and services

Professional organizers say most people wear just a fraction of the clothes they own. If that describes you, consider selling stuff you don't wear and being more careful when you shop. You can also trim what you spend on personal care and other services. For example:

Find out what looks good on you and stick to classic styles that won't look weird next season.

Inventory your wardrobe and buy pieces that work with what you already own.

Avoid dry-clean-only clothing.

Make hair appointments at beauty schools rather than full-priced salons.

Drop your health club and form a walking or jogging group with friends.

Hold a clothing swap with friends.

Ask friends and relatives for hand-me-downs.

Give kids a clothing allowance or offer "matching funds" for what they want to buy.

Check out consignment and thrift stores for lightly used items.

"I always go once a month to a thrift store not far from my neighborhood," said Rebecca Kelly of Holiday, Fla. "On Wednesdays, they have 50% off all the clothing. It takes a good two hours of time, but I've averaged (spending) about \$30 per child, per season. If I were to buy the same clothes at a department store, I would be WAY out of my budget."

Liz Pulliam Weston's new book, ["Easy Money: How to Simplify Your Finances and Get What You Want Out of Life,"](#) is now available. Columns by Weston, the Web's most-read personal-finance writer and winner of the 2007 Clarion Award for online journalism, appear every Monday and Thursday, exclusively on MSN Money. She also answers reader questions on the [Your Money message board](#).

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