

# THE FASTER TIMES

## How to Waste Your Money



June 3, 2010 [Sheryl Nance-Nash](#)

As careful as you may think you're being with your money, it's likely that there's still plenty that you're pretty much flushing down the toilet.

Before you pat yourself on the back for putting Scrooge to shame, see how many of these money sins you're guilty of.

### **Track your spending**

"I don't think that people can begin to know where they waste their money until they know where their money goes. After all, how can you know where you're going if you don't know where you are?" asks Gail Cunningham, a vice president with the National Foundation for Credit Counseling.

"The only way to fully understand how you're spending your hard-earned money is to write down every cent you spend for 30 days. Seeing your spending staring back at you in black and white can be quite powerful, but it is then that you can finally be in charge of your money instead of the other way around," says Cunningham.

Adjust the money in each spending category to reflect how you truly want to use it. To get help go to the budget worksheet at [www.DebtAdvice.org](http://www.DebtAdvice.org).

### **Find the money pits**

Where are the likely and unsuspecting money wasters? Glad you asked. Look at investment products with hidden fees and commissions. This includes mutual funds, insurance, structured notes, limited partnerships and annuities. "Cost can go as high as 10 percent of your initial investment to 5 percent a year. When you consider that an average return may be 7 percent, subtracting 5 percent in costs leaves a paltry 2 percent return to the investor," points out certified financial planner Richard Kahler of the Kahler Financial Group.

To someone investing \$500,000, the cost of a bad investment could be \$50,000 up front and \$25,000 a year. "Of course, all of that is buried in fine print and not openly disclosed to you if you are dealing with a broker," he adds.

Make sure you have someone looking out for your best interests on every financial transaction, someone who is a fiduciary to you, where you are a client and not a prospect. Buyers employ real estate brokers to solely represent their interests in a house purchase. "Consumers of financial products need to consider doing the same," says Kahler.

## **Put away that debit card?**

Do you use a debit card instead of a cash back credit card? Bad idea says Joel Ohman, founder of the website CreditCardChaser.com. As long as the credit card balance is paid off in full each month then those cash back savings of 1 to 5 percent can add up. It may not seem like much at first, but enter your monthly spending habits into the cash back credit card calculator, <http://www.creditcardchaser.com/cash-back-credit-card-calculator/>. After more than 20-plus years of all that cash back savings you could have enough to pay for one year of a child's college education, says Ohman.

## **Hunt for deals online**

Shopping online isn't just about saving time; it should be about saving money too. "If you're making online purchases without first doing a Google search for the name of the merchant plus coupon code or promo code, you're wasting money," says Ohman.

Almost every single online retailer has various promotional offers and coupon codes floating around online. So before you check out online and you get a field that says enter your coupon code/promo code, do a quick Google search to find any available coupon codes to enter that may end up saving you money for just a minute or two of searching, he adds.

## **Little things add up**

Convenience costs. Find out if your bank, insurance company or other is charging a small fee, typically \$5-10 a month to receive paper statements. If you simply switch to receiving online statements, many companies will wave the fee. You may what's \$5-\$10 a month? Quit thinking like that. Remember every penny counts.

Starbucks, bottled water and sodas bought individually at the gas station are other culprits in the category - little things that add up. "A Starbucks daily habit can add up to thousands of dollars a year," says certified financial planner Karen Lee.

Look too at your bills such as cable television, land and cell phones. Are you fully maximizing all that you have, do you need all the bells and whistles? "Review your monthly bills and consider less expensive monthly plans that are more in line with you usage," says Steven Labiner, a certified financial planner with AXA Advisors.

A good rule to remember, "Necessities first, focus on needs, not wants," adds Robert Blackwell, a personal finance specialist with Levine, Jacobs & Company.

## **Rethink education?**

Forget conventional wisdom. Education for education's sake can be foolish. "Getting an education is great, as long as your education is a stepping stone to opening career doors for you," says Kahler. "A masters in history is great if you want a career teaching history, but it won't prepare you to own your own business or manage a retail store. For many, it's best to delay going to college until you are clear about the education you need," he adds.

## **Be late, be sorry**

Paying your bills late is just getting more expensive. It's not uncommon to get whopped with a \$35 late fee. Why give your creditors any more than you should?

Paying on time avoids fees and helps keep your credit sterling, says certified financial planner Rick Fingerman.

### **Do the math**

Paying down a mortgage at 4.5 percent, while continuing to keep balances on credit cards at 20 percent, just doesn't make good fiscal sense, points out Victoria Collins, certified financial planner and senior managing director of First Foundation Advisors.

Withdrawing money from ATMs where you're charged \$2-3 isn't ideal either, she adds.

That love affair with the Marlboro Man should stop too. At \$7 and more a pack, not to mention the potential health care bill you may eventually encounter because of that relationship to tobacco, cigarettes are a no-no says Fingerman.

This is just the beginning of the list. Think twice about buying a brand new car, books (why not used on Amazon or from the library), eating out, the latest, greatest technology and more. No doubt, a little soul searching will reveal quite a bit of money that could be put to better use. The good news is, as of today, you can do just that.