

# **WEALTH BUILDING PACKAGE 12 STEPS OF FINANCIAL SUCCESS!**

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## **How to Save on Monthly Bills?**

As I have moved along with my career and was planning the details of my upcoming wedding. I began realize the importance of saving every penny. If I saved now, I could ensure meeting my financial obligations in the future and be able to have some fun along the way. The wedding and honeymoon expenses were significant. My wife and I were trying to take every precaution we could to remain conservative. But that is life. New events and situations will inevitably lead to new expenses. It is essential to have a plan on how to overcome these expenses without interrupting your 10% savings program or completely depleting your emergency fund. By examining your ongoing weekly expenses like phone bills and insurance you might be able to save a few dollars. Saving a bit every month, will allow you to contribute to your emergency fund for future financial obligations.

The first place to start saving is to track your expenses for a while, use the Master Tracking Sheet provided. Using this spreadsheet to record all your expenses is quick, easy and a wise. With this spread sheet you can go back and see a summary of what you

have spent. Try to track your expenses for a period of time to see trends, generally a twelve-month period will reveal all your periodic expenses and give you a good trend of your monthly expenses. You can then make adjustments that will improve your monthly cash flow. During your recording phase, if an expense jumps out at you - adjust it right away, do not wait a year and waste money you can direct somewhere more valuable. For one example you can apply this extra money to any of your debt payments, your savings or emergency funds.

I have been recording all my expenses for many years now and have encouraged my wife to start recording her expenses as well. From our list of expenses I noticed that I was spending an average of \$159 per month on my cell phone. This was shocking. In 2005 I spent a total of \$1,917 on services offered by TELUS ([www.telus.ca](http://www.telus.ca)). So this prompted me to dig a bit deeper into my monthly bills. With the ease of being able to access my account on-line I was able to track a few months worth of bills. I quickly discovered that the plan I was using was inadequate to suit my personal needs. I exceeded my base plan, each month, in minutes and in long distance usage. I further noted that 95% of my calls were to my wife's work or to her cell phone. I set out to find a plan that would better suit my needs.

After reviewing the TELUS website for a variety of plans I decided to call their customer service and see if they could offer me a plan that was not listed on their site, but one that would work for me. Sure enough they met my expectations. Through their high customer satisfaction oriented service they offered me a plan that saved me \$130 per month. First,

I asked for a plan that offered TELUS to TELUS calling for free, and I started calling my wife only on her cell (she is with TELUS as well), then I dropped my weekday minutes to only 50 per month with a bonus 50 for a total of 100 per month. This new plan included 1000 minutes of evening and weekend calling and caller ID. So when everything was all said and done I now have a new plan costing me \$29 per month.

Now, how to handle the long distance? I call my parents quite often who are at a long distance range. I discovered a plan from Vonage ([www.vonage.ca](http://www.vonage.ca)) (VoIP) for \$19.95 (plus tax) per month with 500 minutes to anywhere in North America. This was great because I already have high speed internet and for an additional \$22.95 per month I can now call our parents and not incur any extra expenses on my cell phone. So a net result of this expense reorganization is a reduction of my monthly payments from \$159 per month to \$52, a savings of \$107 per month. Furthermore, we now have a home phone, which we did not have before. Finally, because I agreed to sign a 3-year contract with TELUS I received a brand new phone for free. (Well I had to pay the \$25 in store fee). I was able to post my old phone on an internet site called Craigslist (<http://www.craigslist.org/>) and sold it for \$80, a great bonus to wrap up this deal.

The key lesson is to monitor expenses over time, dig in and conduct some research to see how you can improve expenses that seem high, complete the required changes, and then monitor performance again once the changes occur. This is an ongoing exercise, maybe further adjustments are needed, or maybe your situation will change and require adjustments to various plans in the future.

For me an examination of my cell phone usage lead to a reduction of \$107 per month. In addition examination of my insurance (Auto and Home) plans and cable bills I added an additional savings of \$120 per month. A new found total of \$227 per month is now being saved in my high interest savings account (3.5%) to help pay for our upcoming wedding. Taking a quotation form the Wealthy Barber by David Chilton "a dollar saved is two dollars earned"<sup>1</sup> On that note, in the next article I will discuss the benefits of reorganizing your debt payments and consolidating them into one loan. Keep positive and keep digging for deals!

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<sup>1</sup> This is due to taxation, you earn two dollars and are taxed (income tax) on it when you are paid, and then when you spend it you are taxed again (sales tax). The net result is roughly earning 2 dollars will result in 1 dollar of purchasing power. Thus, saving one dollar means you would have had to earn two dollars.