

## How to find hidden savings

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About half of South Florida's residents have less than \$6,000 in savings — the amount you need to live at poverty level for three months if you lose your job.

And that adds up to one word: scary.

In Miami-Dade, nearly 60 percent of families don't have the liquid assets — in bank, investment or retirement accounts — to sustain a financial emergency. In Broward, nearly 45 percent are liquid-asset poor, and in Palm Beach, it's nearly 39 percent, according to Family Assets Count, a project of the nonprofit Corporation for Enterprise Development.

But financial planners want to let you in on a little secret. You can save money in lots of different ways, through your own hidden savings. You just have to know where to look.

Glenn Downing, a certified financial planner with Cameron Downing in Coral Gables, said that when people look at their income and how much they're spending, many times they come up with a negative number. To fix that, you have two choices — increase income or cut back expenses, he said.

Downing suggests tucking a notebook in your pocket and writing down everything you spend for two to three weeks, including what you put on debit or credit cards.

“Write down every nickel you spend, and then categorize it. You'll be amazed how much money is wasted,” Downing said. “It's a real eye-opener. Most people have never really thought it through and never really added it up.”

Now determine your priorities. A new house? An emergency fund? Retirement?

“After you figure out what you want to happen, you need to figure out how to get there,” said Monte Kane, a certified public accountant and founder of Kane & Company Accountants and Advisors, which has offices throughout Florida. “You have to make the decisions ... What are the habits that you can change and still be OK?”

Make a plan and commit to it by putting it in writing, Kane said. Monitor your progress on a regular basis by tracking expenses using credit card bills or writing them down in a notebook. Share your progress with a trusted family member or friend to keep you accountable and motivated, Kane said.

“You have to buy into this, and if you don’t, it’s like people who go on crash diets, fall back and have relapses,” he said. “The whole idea is you want to put yourself into a place where you don’t have a relapse.”

Here are ways to find hidden savings and increase income.

- **Move to a new job:** When you do an annual review, look at both sides, Downing said. On the income side, are you employed well? Is there a better opportunity? Many times, the shortest path to a raise is to change jobs. “If you remain with the same employer year after year, you might get a two percent raise,” he said. “If you get a new job, you may have an opportunity for more.”

- **Make yourself more valuable:** Take free or low-cost college courses online from resources like Coursera, [www.coursera.org](http://www.coursera.org), which partners with universities such as Princeton, Duke and Brown. Another resource is Udemy, [www.udemy.com](http://www.udemy.com), which offers free and low-fee online courses from specialists in a variety of fields. The concept, known as MOOCs, or Massive Open Online Courses, can improve skills, make you more marketable and possibly increase your income, said Jorge Padilla, a certified financial planner with The Lubitz Financial Group in Miami. “The skills you learn can make you more valuable on your job, and hopefully increase your earning potential,” he said.

- **Reduce your income-tax withholding:** It makes no economic sense to get a tax refund, Downing said. If you over-withhold, the government holds a chunk of your money tax-free for a year. “I understand that a lot of people like that as a forced savings account,” Downing said. But the reality is if you get a large income-tax refund, you’re going to blow it. It’s better to take it in increments and make a wise decision, like saving half and using half to pay down debt, he said.

▪ **Review cable, internet and phone bills:** Look at services you have purchased. “Do you really need all of it? Is the bundle costing you way too much?” Downing said. “Do you need Netflix? There is so much free content online. It reduces the need to pay for some things.” Look at your cellphone bill. Are you using all of your minutes? Are you paying for more than you need? If you have a cellphone, get rid of your landline, he said.

▪ **Challenge your insurance payments:** Review your car, home and renter’s insurance. Are you insured adequately, or are you over-insured? With homeowner’s insurance, a higher deductible will lower your premium. “As you increase savings, you can afford to take a higher deductible,” Downing said.

If you have disability or long-term care policies, review the elimination or waiting periods you have before the policy takes effect. Typically, the longer the period, the lower the premium, so coordinate your benefits with other coverage, such as Medicare.

Look at consolidating coverage, such as your home and auto, with the same insurer to save on the premium, Padilla said.

▪ **Review credit card bills:** If you have good credit, compare cards. “Can you find another card with a zero-percent interest rate for a year and knock out a bill?” Downing said. “It could save you a few bucks on interest payments.” Use cards wisely. Look for cards with reward points that can offer you discounts or free items. Figure out what you can pay off each month, and don’t spend over that amount, Padilla said.

▪ **Make your lunch and iron your shirts:** Look at how much you spend each day on eating out and laundry. Eating lunch out “is the biggest place where, in my view, people waste money and lose accountability for what they’re spending,” Downing said.

If you cook at home and it will save you \$5 on lunch the next day, transfer \$5 immediately from your checking to your savings, Padilla said. “Today, with smartphones and the Internet, it’s easy to do that,” he said. “That converts your behavior modification into savings, rather than letting that money sit in the checking account.”

Now, dust off the iron. “If it’s two bucks to get your shirt laundered, that’s money you could be pocketing yourself,” Downing said.

- **Cut back on unnecessary fees:** Review your bank and credit card statements to see if you can avoid unnecessary fees. If you use an ATM that doesn't belong to your bank and you are paying a couple of dollars each time, it can add up, Padilla said. Look for a bank that will refund ATM fees, or find other ways to access your money, such as getting cash back while using your debit card for purchases.

- **Consolidate debt:** Interest rates are low. Find ways to consolidate debt or look for a lower rate than you are paying, Padilla said. For example, if you have \$20,000 credit card debt with a 15 percent interest rate, is it possible to get a home equity line of credit with a rate of four percent and pay the card off?

- **Set up automatic savings:** Pay yourself first, Padilla said. Have your bank set up an automatic transfer from your checking to your savings account. "If it's in a separate account, there is a barrier that needs to be crossed to get to it and spend it," he said.

Downing suggests carving up earnings into chunks for household expenses, vacations, an emergency fund and other goals. "Make deals with yourself about what you're going to do if you get a windfall," he said.

- **Cash in your clutter:** Look around your house to see what's cluttering your closets and storage. "Take what you have been stashing for years that you no longer need or want, and sell it on eBay, Craigslist or Amazon," Padilla said. It can be money hidden in plain sight.

- **Cash in on your hobbies:** What pastimes are you passionate about? What are your hobbies and is there a way to monetize them? Padilla said. For example, if you're a photography buff, is there way to sell your photographs, offer workshops or create a class? With Udemy, you also can create a course based on your expertise, such as photography or copywriting, to make additional money, Padilla said.

- **Cut down on unhealthy habits:** Cut back or eliminate unhealthy habits like tobacco and alcohol. "They can be a big-budget item, and these habits can not only cost you money on a regular basis, but they can lead to increased healthcare costs and increased life insurance premiums," Padilla said. A healthy lifestyle also can get you a reduction in healthcare insurance premiums with some policies.

▪ **Choose experiences over stuff:** Instead of a smartwatch or trendy gadget, opt for an outing that will create lasting memories, Padilla said. Studies show that people get more satisfaction from having experiences that they can share and remember than when they buy goods, Padilla said.

It's all about behavior modification.

“South Florida, Miami in particular, is very materialistic — about what you have and going out and living in the moment,” Padilla said. “People aren't thinking about the future.”

Downing said it's OK to have fun, recreation and vacation. Just plan for it.

“Build up cash reserves, so when life's emergencies come around, you've got the cash to deal with it without going into debt,” he said.