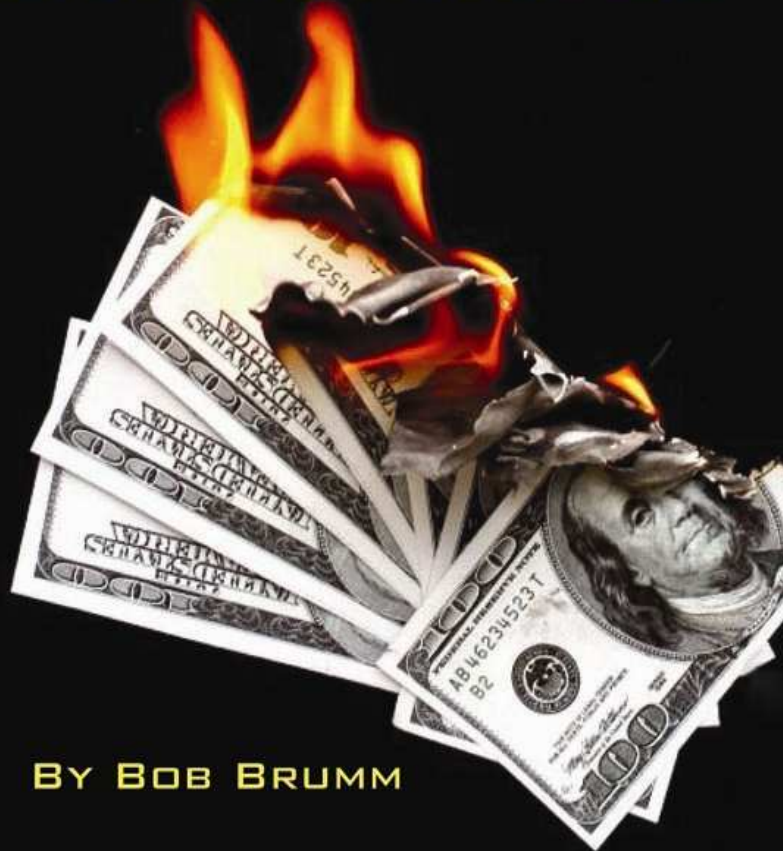


Do You Have

MONEY TO BURN?

SAVE MORE OF WHAT YOU EARN
EARN MORE ON WHAT YOU SAVE



BY BOB BRUMM

Money To Burn

*Save More of What You Earn,
Earn More on What You Save*

By Bob Brumm

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People helping each other makes the world...



...a better place!

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My boys, for giving me time to write when they wanted to play. I love you.

Bob Brumm, Sr.

For teaching me perseverance.

DISCLAIMER



If advice concerning legal, accounting or personal financial matters is needed, you should consult your local qualified professional. This book and/or its ancillary materials are not intended as a source of legal, accounting or personal financial advice. You should be aware of any local laws or business practices concerning these areas.

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FOREWORD



Today's society is always "on the go." We are constantly running from place to place full speed ahead, trying to keep up with the Jones' - whoever *they* are. Our society is so fast paced with instant messaging, fast food, instant potatoes and the like that people spend their money as fast as they make it and wonder, "Where did it all go?" We need to slow down a bit and find out! With this publication I want to **expand your knowledge** of ways in which YOU CAN save the money you earn. I'd like to **encourage** you to get that money to grow and work harder for you over time, and to show you how to give back with what you have learned. The ideas in this book will assist to build a strong financial foundation and allow you to save money on various items and expenditures. If you can keep more of what comes in, you can build a better future for yourself and for others. This book will show you personal growth **opportunities** and ways to help others grow. If you have gained knowledge, the benefit of that knowledge is sharing it with others and watching them grow.

Introduction



Money to Burn was written as a result of my deep belief in several core concepts. First and foremost:

Mathew 7:12 - The Golden Rule –“Do unto others as you would have done unto you.”

If someone has knowledge of something which can help me out, I would like to learn what it is because I can then pass it on to others. Once you learn something no one can take it away, and when you SHARE knowledge it increases your value as a person, group or corporation.

The second concept is the desire to motivate people to accomplish any goal they may have - ideas of positive influence which help people learn, grow and accomplish goals they may have only *thought* about. As Andrew Carnegie once said, “No man is a free man until he learns to do his own thinking and gains the courage to act on his own personal initiative.” The formula **Education + Inspiration + Action** is a good start. I hope to give you the

Knowledge (**Education**), Opportunity Awareness and Encouragement (**Inspiration**) to save money through your **Actions**.

The third is to show you how to “adjust” the way you may see your current situation and then take action to change it. Most of us were shown how to *spend* money, but were we ever shown how to *save* it? Were we ever shown the benefits of building a strong financial base before engaging in frivolous spending? The answer is usually NO.

It is time to take action to correct this mindset. I will show you some examples, and provide work areas so your grasp of these concepts can be solidified. My desire is to assist as many people as I possibly can in negotiating today’s hustling bustling economy/society. As I stated previously, we are always “on the go” - from event to event, work to practice, work to recitals and then back home. We don’t have much, if any, time to research money-saving strategies. The paychecks we get from our J.O.B.’s (Just Over Broke!) disappear before we know it, and by the time we realize we need to “adjust” our habits we are doing the same thing over again the next pay period.

I make saving money a principle of mine, and I want to share some ideas. Some will call me a cheapskate. I prefer the term

“fiscally attentive.” A lot of these strategies are available to anyone who wants to look for them – assuming you have the time to do for on-line research, solicit company and colleague references, etc. If the savings don’t fall into our laps, we don’t have the time to find them. Nor do we have the time to go after the savings. Let’s face it, we choose not to find any money savings strategies once we are home with our feet up watching T.V. Heaven forbid we should interrupt *Desperate Housewives* or *American Idol!* We’ll spend good money for a TiVo to record shows we can’t watch when they are on-the-air, but we won’t investigate better ways to save our hard-earned wages. Once we are home we even edit out the commercials so we can watch our shows without interruption, but we don’t take the time to look for the money saving strategies which will benefit our families more than any TV show can.

If we look at causes of marital problems, number one on the list is *money*. What if we could eliminate that problem? No one wants to live in hardship because they mismanage money or spend it unnecessarily. Doing so usually causes feelings of distrust, and leads to stress between a husband and wife. Not to sound like an infomercial, but how much easier would your life be with more cash

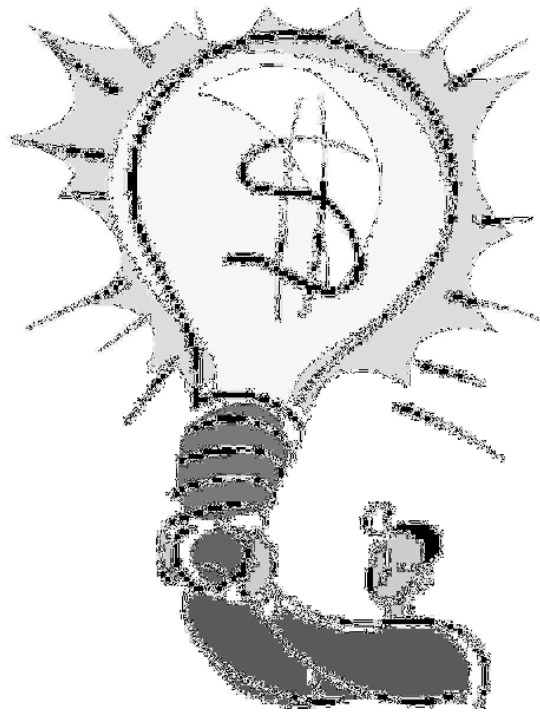
available? Imagine having the freedom to look at your bank statement without fear? Wouldn't it be nice to watch the balance of an investment grow?

Those are not the only ideas in this book. It is also being written to show you some new opportunities, and to encourage you to try some things you may not have heard of before. The desired result is to get out of the "everyday grind" you think you are in. *Money to Burn* will show you to get out of your current financial predicament if you do not like where you are.

Let's get going on changing your outlook, redefining your futures and saving a whole lot of money!

CHAPTER 1

Daily Expenses



CHAPTER 1



Daily Expenses

Revelation! Many of the ideas in this book have been around for years, but unfortunately a lot of people don't want to reveal these solutions to just anyone. They have kept these ideas close to themselves and their immediate circle of friends. I believe we should *all* have a chance to gain knowledge which will encourage each of us to seek and find opportunities that will better our lives. We should *all* have the opportunity to "Save what we earn, and earn on what we save."

So how to start? One of the first orders of business is to see what your daily expenses are. Have you really ever figured this out? If you have ever read a good personal financial growth book, on-line financial web page, or seen some of the finance shows on television, they often talk about taking an inventory of what you spend. What they want you to do is **LOG ALL YOUR SPENDING**. Write down what you spend your money on. This means if you buy a pack of gum for sixty cents you mark it down. If you buy that morning coffee and bran muffin you track that. Yes, this can be

tedious, but if you try it for thirty days you may find some interesting facts about what you spend your money on. Not to mention, after thirty days logging your expenses will be a lot easier. I have included an example sheet for your convenience (see Appendix).

Log all of your spending.

Let's look at some items that you could reduce, cut back on or even eliminate to build your financial future...



The Latte Factor: I found this phrase in a book by David Bach, author of *The Automatic Millionaire*, and I'm sure the

people at *Starbucks* don't want me to tell you this. Realistically, does one cup of coffee need to cost you \$4 or more, depending on how 'continental' you get? A Venti Java, mocha frappe with extra whipped cream and caramel??

**(\$4 X 20 working days = \$80 a month,
or \$960 a year.)**

If you look at what this does to your daily expenses, you may find some money in your 'non-budging budget' which can be used. A *whole can* of Folgers Hazelnut coffee is only \$4.19 at my local grocery store. That can makes seven 12-cup pots of coffee, or a total of 84 cups. The grocery stores even have flavored creamer to enhance the flavor of your coffee. At the coffee shop, you spend that amount or more for one cup of coffee! If you do that every day, the cost adds up.

I know you're saying "Bob I can't go without my coffee in the morning!" Well, I didn't say anything about going without, did I? Review the scenario again.

If your workplace has a coffee pot, try drinking the sludge mud they offer. I know it may not be the best, but at \$960 a year I

think I can get used to the taste. Or bring your own from home. Remember, for \$4.19 you can have 84 cups of coffee. This beats getting *one* for that price.

If you are pressed for time in the morning, use a coffee pot with a timer. This way, the coffee is already made when you get to the kitchen, saving you some time.

All we are doing is shifting what we do, performing a 'paradigm shift' on our personal actions. Eighty dollars a month adds up over time - that is \$960 a year on just coffee! What would an alternative option cost? Let's take a look at this example:

\$4.19 gives you **84** cups, at **5 cents per cup**.

\$2.50 gives you enough flavored creamer to flavor **20** cups of coffee, so you will need 4 creamers for 84 cups of coffee.

Total cost of "Flavor From Home Coffee": 18 cents!

What other spending habits can we look at?



Eating Out: Eating is one of my favorite activities, but so far my metabolism doesn't realize it needs to slow down. I enjoy eating out because like many other people, I don't like the cleanup after cooking a meal. Many times we eat out because we are out at practice or late coming home from work or just running errands and we don't feel like preparing a meal. You do this as well, so who are you kidding?

The thing is you don't have to eat cheap food to save money when you eat out. Look for "kids eat FREE" days. For instance, there are several restaurants near my home which offer these types of money-saving meals on different nights of the week. For example, in St. Petersburg Florida some of

the local restaurants offer “Kids eat FREE” nights. Monday is *Cody’s Roadhouse Grill* and *Rib City*, Tuesdays is *Lone Star Steakhouse*, and on Wednesdays *Durangos*, *Bennigans* and *IHOP* offer these deals. Look for these special evenings at your local area restaurants. You can save a lot of money and still eat good food.

The reason I bring up these savings is because I have three boys, and no, I am *not* trying for a girl! We are done having children. Besides the fact I will have to re-mortgage my house when they turn fifteen to feed them, I want to know of restaurants which can ease the financial burden of eating out. These types of deals give us the chance to save about \$15 off the dining bill. Do that once a week and that is \$60 a month, or \$720 a year. This also gives the family some time together when you aren’t running in three different directions.

Soda/Pop or Fountain Drinks – Depending on where you live you may call the Pepsi, Coke, Mountain Dew something different. I was born and raised in Michigan, so I refer to these beverages as ‘Pop.’ I now live in Florida, and they look at you very funny when you say that.



They still think I am a Yankee.

Perhaps you are not the type to drink coffee in the morning, afternoon or evening. But don't take away that Mountain Dew or Diet Coke! At least with these items you won't have to get a second mortgage to buy one cup or figure out how to pronounce your order. Soda or Pop may be a daily item you purchase, and you may want to take note of what it is costing you. First, how many 'pops' do you buy a day? Two, three, five? I didn't forget how to count. I am just explaining my point. If you get these at the convenience store perhaps the 20-oz bottle will cost you \$1. That would be **\$3 - \$5/day**, \$15 - \$25 a week, \$60 - \$100 a month, **\$720 - \$1,200** a year. Do you see how this adds up so quickly?

If you bought enough pop in bulk at *Sam's Club* or another wholesale club each month, you probably wouldn't spend half that amount spent at the convenience store. Not to mention, you wouldn't be spending an extra \$1 on a Lotto ticket because the Jackpot sign is staring you in the face and the candy and gum aren't screaming "BUY ME TOO!"

Here are some figures to prove my point. I'll use Sam's Club pricing since I am a member there:

A case of twenty-four 24-oz bottles of Pepsi at Sam's Club is **\$13.12**. To equal the three 20-ounce pops you buy every day at the convenience store you will need 2.5 cases. That comes out to about **\$26.24 a month**. You would spend a total of **\$315 a YEAR** compared to **\$720 a year** buying from the convenience store.

You see, no one is saying that you have to stop doing what you are doing. Just look for a better method and save a bundle of cash.

An alternative would be to drink more water. No, not *that*... I hear this from my kids a lot, and the doctor will tell them to drink more water as well because Mom and Dad can't possibly be right. The facts are these: the sucrose in carbonated beverages actually dehydrates you and contributes to a loss of calcium in adults.

In June of 2000, Harvard University had an article that stated the following:

"Our findings have implications both for the health of teenagers and for the health of women at later ages," says Grace Wyshak of the Harvard School of Public Health and Harvard Medical School. She conducted research that examined the relationship between the soda-drinking habits, activity levels, and history of bone fractures of 460 adolescent girls...Colas

contain phosphoric acid, which interferes with calcium metabolism and the building of bone mass, a process that apparently affects girls more than boys. The difference becomes especially important as teen drinking of sodas rises steeply while consumption of milk plummets.”

Water: If possible, try to drink more water or juice to offset the cost and effects of drinking carbonated beverages and coffee. Yes, I know, bottled water costs money too. Again, let’s compare some costs of water:

1 20-oz bottle of water from the convenience store at **\$1.09 each**, 3 times per day = **\$3.27**, for an annual cost of **\$784.80...**

vs.

28 20-oz bottles of water from Sam’s Club for **\$6.38**. Yearly cost? **\$120.00!**

(5)

That’s **23 cents** per bottle! And you’re getting more water per bottle. You would spend **\$120 PER YEAR** buying in bulk

from Sam's Club. Do you think the convenience store is making a profit?

Again, the idea is not to say you have to stop doing what you are doing. Just look for a better method and save a bundle of cash.

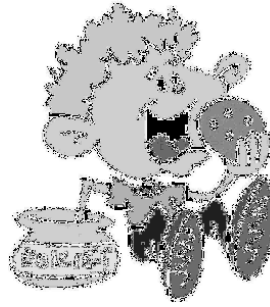
I recently had to take my youngest son to the hospital to do an outpatient dental procedure, and when he came out the hospital staff gave him a 8-oz bottle of Dasanni water. Well, about a month later I received the itemized list of charges which would be going to the insurance company and guess what the cost of that water was?? \$33! Yes, that is *dollars*... this is highway robbery!

Most adults need at least 64 ounces of water a day. That is eight 8-oz glasses, or the three 28-oz bottles from our example will get you there. Don't forget your kids need water too. Get them in the habit of drinking drinks which will help them.

The water in your system is essential for many things, especially when it comes to your joints. As you get older, when you are not hydrated very well your joints will start to rub together more, causing you the aches and pains of bone rubbing against cartilage or bone against bone. Also, if you find yourself getting muscle cramps a lot, you may want to try drinking more water along with some stretching exercises.

Vending Machine Snacks – This category

is one that gripes me every time I am starving and “need” to get something from a machine. Yes, there will be times that we all “need” to get something from a



vending machine because we are starving or forgot to bring our snack or meal from home. This is where that spare change you carry around starts to nag you, saying “spend me.”

However, we are learning some principles of how to save money and we need to look at this as a daily expense because some people do use the vending machine as a daily source of “food.” I see people all the time using the vending machine to get one of those “great” sandwiches for lunch. I say that because the contents of those sandwiches don’t seem to “whet my appetite.” Not to mention, the price of that sandwich is usually \$1.50. On a smaller scale, let’s go to the machine that has the important stuff in it, the machine with the snickers bars or M&Ms. Now we’re talking!

Yes, late in the afternoon before that long four o’clock meeting, a Snickers bar can

keep you going. Again, if we look at that price, there goes at least sixty cents for a “quick snack.” It may be convenient, but it will be costing us as follows:

1 Snickers/day = .60 cents
\$3.00/week
\$12/month
\$144/year.

If we look at buying from a bulk store, here is the difference:

A 48-count box of Snickers is \$17.48.
That’s only .36 cents per bar. Over the
course of the year you would only
spend \$91.

We can do the same for the other snacks in the machine - Doritos for example. We know they will be .60 cents in the vending machine too. If we buy our own in bulk it would be as follows:

1 bag of Doritos = .60 cents/day, \$3/week,
\$12/month, \$144/year.

50-count Doritos is \$9.68, that's **.19** cents a bag. Care to sell your own? Anyway, that would add up to:

\$1/week, \$4/month, \$48/year.

OK, I think you may be getting the point here. The cost we pay for “convenience” or a quick fix to our daily expenses does add up. Using the example above, what could you do with an extra \$100 a month just by adjusting how you get your daily snack? You could help pay down that nagging credit card balance, or set up a type of savings account for Christmas gifts or go on the vacation you want. Just to make sure you are getting this “cost of spending” we will show you one more item.

Lunch – This is a subject which often comes up when we talk about saving money. Yes, we know we can save money by eating in or bringing our lunch. So why don't we do this? Some people reason that lunchtime is the “only” time I can get away from the office. It is the time



I get a break from the phone ringing. I run my daytime errands at lunch, and eat while I am out. I know this to be true because I work in an environment with no windows, and if there are problems people are constantly calling and coming to my desk. I also like to go out at lunchtime to see daylight or just get warmed up, but I can eat a sandwich outside or warm up my leftover pizza and take it outside, or eat those items while I'm driving to my errands. Just carry some napkins or handy-wipes in your car!

Have you really looked at the cost of going out to lunch every day? You probably have seen the statistics with the average price of lunch being \$5. Where have they been? A 'value meal' at most fast food restaurants costs more than this. To eat at a sit-down restaurant off the lunch menu with a drink, the average cost is about \$10 when you're done with taxes and a tip.

So let's go over the number again:

**Lunch out, \$10/day, \$50/week,
\$200/month, \$2,400 a year.**

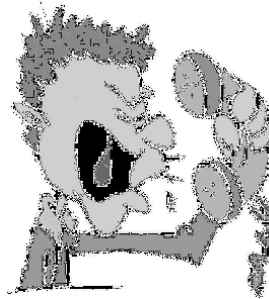
**Hot Pocket Calzones (4 pack) \$9.12,
\$36.48 month, \$438/year.**

I realize some of you will not want to eat Calzones all the time, but this is just an example. Sam's Club carries many varieties of lunch foods. If you cook at home you might have leftovers, and you could bring some of those to work for lunch. Another idea is to discuss business with vendors over lunch. I haven't seen too many who will turn this down. They need to eat anyway, and can usually expense the meal on their dime. Of course with lawyers and accountants you will pay for that lunch at a later time, since they usually bill by the hour.

By the way, if you look at the calculation, it is only for four days a week... We have to see daylight *sometime*. Go out to lunch with your co-workers on Friday.

Again, we are not saying to starve yourself, or totally cut out everything you do. Just "adjust" what you do to save money. Money is hard enough to earn, so why not keep as much as you can for what *you* want.

Phone Service: I believe I am very fortunate in that my mother-in-law lives in the same city we do. You can take that whichever way you



want. Think of it this way: when my wife calls her mom three to five times a day, it is a local call. Do you have that luxury? Let's face it guys, moms and daughters are usually closer and talk more than fathers and sons. A father and son phone conversation can last an infinite five minutes and both don't know what else to say at the end of that time. The weather is covered in the first minute, how they feel is covered in the next, the latest ballgame scores are covered in the third minute and current events are covered in the remaining time. A mother and daughter, on the other hand, can talk for an hour and not even cover the original topic the call was made for. I don't understand that, and guess I never will. We'll leave that to the laws of nature.

If we look at the phone as one of our daily costs, we can "adjust" there as well. **THIS DOES NOT MEAN YOU SHOULD TELL YOUR SPOUSE TO STOP CALLING HER MOTHER!** Don't go there if you know what's good for you. Look into using an alternate source of service. The phone company is the phone company, but lately technology has been making them compete and lower their prices. Not by much, but they offer some price reductions. As an alternative source, you could look at what

the cable companies and Internet providers have been offering, Voice over IP (VoIP).

VoIP allows phone calls to go over the Internet. You get a lot, if not more, of the same features the phone companies offer for a lot lower price. Local and unlimited long distance, calling line ID, forwarding, voice mail and more for \$35-\$39 a month! This is offered by Vonage, Brighthouse, Verizon, Earthlink and others.

If you are worried about how this will affect your emergency calls, that is a legitimate concern. In May of 2005 the FCC adopted rules in response to the threat such misunderstandings pose to public safety. The FCC adopted rules requiring providers of interconnected VoIP services to supply 911 emergency calling capabilities to their customers as a mandatory feature of the service by November 28, 2005. "Interconnected" VoIP services are VoIP services which allow a user to receive calls from and make calls to the traditional telephone network. Under the FCC rules, interconnected VoIP providers must:

- Deliver all 911 calls to the local emergency call center.
- Deliver the customer's callback number and location information

where the emergency call center is capable of receiving it.

- Inform their customers of the capabilities and limitations of their VoIP 911 service.

Another trend being seen is people aren't getting a phone line installed in their home, and use their cell phone as their only number. With some of the great calling plans offered by the cell phone carriers, this is an option as well - not to mention there is no installation charge. You can even get pre-paid cell service. I've seen this offered at many stores like *7-11*, *Home Depot*, and the gas stations.

In summary, if we "adjust" some of the things we do on a daily basis we can come up with some amazing results. After all, Rome wasn't built in a day, and neither can your wealth. We will cover this more in later chapters.

Let's summarize what we could save per month by buying our own items in bulk, or just not from a vendor, as we did with the previous examples. I have a table on the next page which summarizes these savings.

Expense Summary Table

	From Vendor	Your or other Savings	Monthly Savings
Coffee	\$80	\$9.20	\$70.80
Dinner Out	\$200	\$140	\$60.00
Phone Service	\$60	\$39	\$21.00
Pop/"Soda"	\$60	\$26	\$34.00
Water	\$65.40	\$4.60	\$60.80
Snickers	\$12	\$8.74	\$3.26
Dorito's	\$12	\$4.84	\$7.16
Lunch	\$200	31.48	\$168.52
Total Monthly Savings			<u>\$425.54</u>

What could you do with that extra **\$425** per month? You could give 10% back to a charitable organization. That can pay for the registration fee for the kid's soccer, baseball or other activity. That will help to pay for the cleats or special clothing the kids may need for whatever activity they are involved with. Or you can pay down debt or build up your savings. Now this is just with one type of saving: savings on your daily spending. No one says you need to "stop" drinking coffee or having a candy bar in the afternoon. Just take a look at the source and the cost of these daily items. Perhaps you can "shift" your spending with some minor action and save a lot of that hard-earned money you make.