

Access up-to-the-minute **Forbes.com** headlines with **RSS**.



 [click to subscribe](#)



Lifestyle

How To Cut Costs Without Cramping Style

Andrew Egan 05.16.08, 5:00 PM ET

Food and fuel costs may be on the rise, but if you do a little [planning](#) and change your behavior, your wallet won't be as hard-hit as you think.

What might take a beating is your ego. That's because getting the most from your dollar first takes a candid look at where your money goes.

"Most people aren't willing to take an honest look at their situation," says Manisha Thakor co-author with Sharon Kedar, of *On My Own Two Feet: A Modern Girl's Guide to Finance*. "But it can actually be quite cathartic."

In Depth: How To Cut Costs Without Cramping Style

The results, though, can catch some off guard. Credit card debt tends to be the most unpleasant discovery, since many people never quantify the true cost of their interest payments. A good rule of thumb here to avoid "statement shock" is to pay off anything with an interest rate over 7%.

"And start reducing it by paying just a little more than the monthly minimums," says Thakor. "It adds up. It's not easy, but it can be done."

Everyday Expenses Add Up

The next step is to gain control over everyday, miscellaneous outlays by writing down literally every purchase for a one-month period. If you are an avid debit card user, keeping a careful eye on your bank statements for a while should help quantify daily costs.

One area likely to surprise you: food bills. Just in the last year, [retail grocery prices](#) have risen up to 7%, with staples like rice and eggs suffering the most significant increases, says Debu Talukdar, a marketing professor from the University at Buffalo. Simply [tracking the deals](#) in your local grocery store is estimated to be worth several hundred dollars a year in savings.

"Most categories in which customers shop will have at least one deal," Talukdar says. "The most intense cherry pickers can save as much as 25% on grocery costs over normal consumers."

"Cherry pickers" are super-savvy shoppers who endlessly search for the best possible deals, often because they are on fixed incomes. However, Talukdar says, a good number of them are simply motivated by opportunities to save. Some are even willing to track sales across multiple stores, and are able to capture as much as 76% of potential savings.

"Prices rotate on a weekly cycle in groceries," says Talukdar, "so there are lots of opportunities for deals."

Related Stories
[Sneaky Ways To Get Better Gas Mileage](#)

[Dressing For Success In A Down Economy](#)

Watch How You Drive

Consumers will almost certainly be looking for more deals as oil prices continue to skyrocket. The cost of a barrel of crude has been hovering around \$125 per barrel, keeping gas prices in the U.S. averaging \$3.71 per gallon.

"Fuel accounts for more than 21% of yearly total cost of auto ownership," says David Champion, the director of *Consumer Reports'* Auto Test Center. Despite this, fuel is actually one of the few expenses most under consumer control.

How do you cut costs? Weigh in. Add your thoughts to the Readers Comments section below.

But the answer isn't necessarily to stop driving altogether or to run out and buy yourself a hybrid. Experts say the best way to [affect fuel consumption](#) is to change your driving behavior. Laying off the accelerator, keeping your tires inflated and removing the roof rack when it's not needed reduces drag and can dramatically boost a car's fuel efficiency.

Stick With A Plan

With a stable financial situation in place, it becomes markedly easier to plan for the future. As a result, exercise and eating right takes on a new importance in light of rising health care costs that can outpace insurance coverage. Those who maintain a healthy lifestyle are less susceptible to debilitating illnesses like heart disease. A heart attack can cost \$22,000; though health insurance can offset the cost some, it's not going to be cheap.

If sorting through all your finances down to the penny seems a little daunting, don't worry. Experts say that a general idea of what you're spending and where is a good start.

"It gives the big picture and need not be too picky," says Kedar. "At the end of the day, saving is a mentality. There are people who manage to do it earning \$30,000 a year and people who make \$300,000 who can't."

In Depth: How To Cut Costs Without Cramping Style