

Money 2000

University of Wisconsin-Extension

Family Living Programs

and Beyond

Drive down high gasoline costs

Higher gasoline prices mean higher transportation expenses. Practicing fuel efficient driving techniques can improve your fuel economy more than 10 percent.

Here are some dollar-saving suggestions:

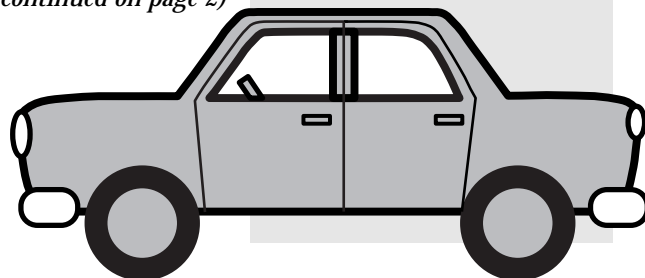
- **Observe speed limits.** Above 55 miles per hour (mph), fuel economy decreases rapidly. By driving 65 mph instead of 70 mph, you'll save gas. It will take a little longer to get to your destination, but for each extra hour you spend driving you'll save \$5. Owners of larger trucks and sport utility vehicles may save as much as \$10 for each extra hour spent driving.
- **Anticipate traffic situations.** Don't speed up only to put on the brakes. In city driving, nearly half your car's energy goes to acceleration. Whenever possible, avoid extreme acceleration that causes your engine to enter a less efficient "fuel enrichment mode" of operation.
- **Avoid tailgating.** By following at safe distances, you can avoid needless braking and improve your fuel economy by 5 to 10 percent. This defensive driving strategy is not only safer, it will also reduce wear on your tires and brakes, saving you even more money.
- **Avoid unnecessary idling.** Warming up your car isn't necessary for most vehicles today. No matter how efficient your car is, unnecessary idling wastes fuel, costs you money, and pollutes the air.
- **Keep tires properly inflated.** Tires lose pressure — about 1 pound per square inch (psi) per month and 1 psi for every 10-degree drop in temperature. Check your tires with a gauge; radial tires can be underinflated and still look normal. Underinflated tires can increase fuel use by 6 percent and make the vehicle harder to handle. Properly inflated tires are safer and last longer.
- **Change oil often.** Clean oil reduces wear caused by friction between moving parts and can increase a vehicle's fuel economy by 3 percent or more. Changing the oil as recommended will increase the life of your car's engine. Look for the Energy Conserving API label that indicates the oil is certified to be fuel-efficient by the American Petroleum Institute (API).
- **Check and replace air filters regularly.** Your car's air filter keeps impurities in the air from damaging internal engine components. Not only will replacing a dirty air filter improve your fuel economy, it will protect your engine. Clogged filters can increase fuel use up to 10 percent.

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To find the most fuel-efficient vehicles, visit: www.fueleconomy.gov





Basic investment principles

Boiled down to the basics, investing concerns return and risk. You must understand these concepts to be a successful investor.

Return = income + capital gain - investment loss

An investor's **return** consists of **current income** from interest, dividends and rent, plus any **capital gains** due to the difference between the purchase and sales price of an asset minus any **losses** from the investment.

Without a crystal ball, an investor can only make an educated guess about expected return. Most expectations are based on what has happened in the past.

The greater the uncertainty, the greater the risk.

The possibility that your actual return will vary from your expected return is **risk**. All investments face risk, but to varying degrees.

Several major sources of uncertainty — or risk — could produce unexpected investment returns.

- **Inflation or purchasing power risk** — Uncertainty about the future value of your investment due to uncertainty of future inflation. If your investment fails to grow at a rate that equals or exceeds inflation, you are actually losing purchasing power.
- **Business risk** — Uncertainty about an investment's ability to pay investors expected returns.
- **Market risk** — Uncertainty about the general health of the economy.
- **Liquidity risk** — Uncertainty about the ability to sell or sell at a reasonable price.

There is a tradeoff between risk and return. On average, returns from an investment should compensate you for the risk you take. If they don't — if risks are high and expected returns are low — avoid such "opportunities."

Web sites — If you do not have Internet access, try your local library. Many libraries are connected to the World Wide Web.

Buy cars less often and save

Buying fewer cars is one way to increase your long-term financial security.

Consider the example of a person who buys a new car and keeps it for 10 years instead of trading cars every 3 years. By investing the money saved on lower car payments and insurance premiums at just 7.5 percent, **over a 40-year career this person could accumulate an extra \$385,000 (or more) for retirement.**

Gasoline costs, *continued from page 1*

- **Keep your engine tuned-up.** Studies have shown that a poorly tuned engine can increase fuel use by as much as 10 to 20 percent, depending on a car's condition. By following the recommended maintenance schedule in your owner's manual, you will save fuel, and your car will run better and last longer.

Thinking about buying a new vehicle?

Selecting which vehicle to purchase is the most important fuel economy decision you'll make. The difference between a car that gets 20 miles per gallon (MPG) and one that gets 30 MPG amounts to \$1,500 over 5 years. *

** This assumes a fuel cost of \$1.50 per gallon and 15,000 miles per year.*

Plan now for holiday spending

Although there are still plenty of shopping days left until the holidays, now is the time to create a written plan for your holiday spending and gift giving.

Consider these tips as you plan:

- **Set limits** on gifts for each person on your list.
- **Trim your holiday gift list.** Talk with those you exchange gifts with and suggest observing lower dollar limits on gifts, drawing names, or not exchanging gifts at all.
- **Give of your time.** Provide emergency babysitting for a young couple. Offer older relatives sightseeing outings, gardening, housecleaning, or car washes.
- **Leave your cash and credit cards at home** when you make *shopping* trips to compare price, quality, and value. After you have done your homework, make *spending* trips to purchase your selections.
- **Remember to plan for other holiday expenses** such as office parties, travel, entertaining and events that make the holidays special.



Check phone bills carefully

It is important to review your phone bill carefully every month. First of all, you need to make sure you are not a victim of fraud or erroneous charges.

Unsolicited phone service changes are still near the top of the National Consumer League's list of common telemarketing frauds.

Reviewing your bill also helps you evaluate whether your current calling plan suits your needs. Check out how you actually use the phone:

- What days of the week do you make the most calls?
- What times of day do you usually call?
- To what locations? In-state or out-of-state?
- How long are most of your conversations?

Then shop around to see if there is a better plan for your calling patterns. Contact your current phone service carrier as well as other carriers to see

who has the best plan for your calling needs. Plans change frequently, so you can save by checking on a regular basis.

The National Consumer League has a new Web site designed to help consumers understand their phone bills and the many charges included, as well as to be alert to fraud and compare service plans. Check out the Web site:

<http://www.nclnet.org/phonebill/index.html>

The Telecommunications Research and Action Center (TRAC), a non-profit consumer organization, sponsors another useful Web site:

<http://www.trac.org>

This Web site has a "WebPricer" program that helps you find the best calling plan for your interstate calling. Save money on directory assistance charges by using the links found on "Directory Assistance via the Internet."

Review your long distance calling patterns and compare calling plans to save money on your phone bill.

SEC offers free on-line information

Regardless of your level of investment experience, the Securities and Exchange Commission (SEC) offers information on the World Wide Web that can help you avoid problems or know what to do if you run into problems.

Go to the SEC Web site, and select the "Investor Assistance and Complaints" option:

<http://www.sec.gov>

Through this Web site, you have direct access to a variety of on-line publications. For example, if you are uncertain what questions to ask about investment

products and the people selling them, there is an on-line brochure to guide you. To create a record of conversations between you and your broker, use the form developed by the SEC for taking notes. Thinking about joining an investment club? Before you decide, find answers to some of the common questions at this Web site.

Internet access is available at many public libraries or other public places in your community.

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