



FIRST BANKERS TRUST COMPANY

5 ATTEMPTS AT FRUGALITY THAT COULD END UP COSTING YOU MONEY

BY: YOUR FIRST BANKERS TRUST TEAM

I frequently meet with and advise the children and grandchildren of depression era parents. I'm referring to that hardy group of seniors who lived through the most difficult financial crisis in the last 100 years, and they know how to stretch a dollar! These hard learned lessons in frugality are often passed down to their children and grandchildren, even unintentionally in some instances.

Even the well-intentioned penny pinchers' plan to save money sometimes doesn't work. We think we are following the frugality playbook only to have it backfire. It's when trying to be cheap ends up costing us more than it saved. Here are 5 common situations that have the potential to cost more than they save:

1. Driving All Over to Find the Lowest Price on Gas

I will admit, I am regularly guilty of this one! Sure, you can save 10-15 cents per gallon filling up your tank at a gas station across town, but you're going to waste gas getting there and back.

The remedy: Use a gas-price app, like [GasBuddy](#), to find the cheapest prices for fuel along your normal driving route. Take advantage of fuel rewards programs and discounted gift cards as other ways to save money on gas.

2. Managing your own investment accounts

I tried this before I began my career in finance. I remember looking at my 401k investment statement and selecting the top performing funds every quarter. After all, what else matters other than the return? Well, as I later learned, quite a lot! This includes the type of allocation, the tax treatment and the track record and management team of the Mutual Funds in the plan.

INVESTMENT PRODUCTS ARE NOT FDIC INSURED, NOT GUARANTEED BY THE BANK, AND MAY LOSE VALUE





What I was doing is called “chasing return” in the investment world. Part of the problem is that often, by the time I had jumped on the high return wagon, the fund was only a leader for a few months before I had to switch to another.

The remedy: To do nearly anything well requires experience and practice. Consider working with an experienced financial advisor that you trust. In nearly every case, an experienced, knowledgeable advisor will save you money by keeping you from making rookie mistakes. Additionally, they often help your portfolio grow faster by assisting with allocation, tax efficiency, and investment selection.

3. Replacing Cable TV with multiple Subscription Services

You’re tired of paying over \$100 a month for cable so you decide to finally cut the cord. But in its place, you sign up for Netflix, Hulu, Disney+, HBO Now, Showtime, Sling TV and more — until what you pay for in television and movies exceeds your old cable bill.

The remedy: Ask yourself what content really matters to you and limit yourself to a couple of streaming services.

4. Letting Meal Prep Go to Waste

Preparing meals in advance means you won’t be tempted to grab fast food or order takeout whenever you don’t feel like cooking. But there’s always the potential of wasting a week’s worth of chopped veggies or a Tupperware full of chicken breasts if they’ve gone bad or you just can’t stomach eating the same meal several days in a row. That’s just tossing money down the drain. The same thing can happen when you try to be thrifty by buying in bulk — but end up throwing out half of what you bought because it’s too much.

The remedy: Meal prep a few days out rather than for an entire week. Store food properly and freeze what you won’t eat soon. Make use of sauces and spices to add variety to staples like chicken and rice.

5. Signing Up for Free Trials and Forgetting to Cancel

It makes sense for a frugal person to take advantage of free trial offers. And for the first week or 30 days, everything is great. The problem is when you forget to cancel your free trials before the free period is over and you end up being charged for stuff you never intended to pay for.

The remedy: If you can cancel a free trial immediately and still take advantage of the service until the trial period ends, do that. If not, set calendar alerts to remind yourself to cancel before you get charged. Signing up for a free trial with a virtual credit card is another way to avoid getting looped into auto pay after the free trial ends.