

After years of procrastination, I finally tackled all the items on my money to-do list. And the payoff was surprisingly big.



A few years ago I read a news story that chilled my procrastinating little heart. It was about a guy who'd paid his cell phone provider thousands of unnecessary dollars—simply by failing to update his calling plan. Long after everyone else was paying flat rates for unlimited yapping, Mr. If-It-Ain't-Broke was still shelling out for every minute.

I closed the newspaper and immediately, guiltily, checked my cell phone bill. A flat rate. *Whew.*

In truth, my husband, Rob, and I mostly stay on top of money matters. We pay our bills on time, watch our spending and try to save. Even so, there's a seemingly endless list of financial tasks that we don't get around to. In our defense, we're busy: We have

a 3-year-old son, demanding jobs, long commutes, aging cars, a new house and all the extra demands that being in the military (Rob's employer) entails. Anything that doesn't have to happen *now now now* drops to the bottom of the to-do list and stays there.

But was this chronic neglect costing us money? This year I decided to tackle these tasks to find out.

Reassess Our Insurance

UPSHOT: \$879 a year saved

My father-in-law has been an insurance agent for 40 years, so in Rob's family, industry lingo is the language of love. When we were dating I knew Rob was serious when he insisted I buy renter's insurance.

With an in-house insurance brain trust, I already knew we were doing a few things right: We bundle our policies with one provider for a lower overall cost; we keep deductibles high to keep premiums low; and we take advantage of discounts, which insurers offer to everyone from at-home moms, non-smokers and union members to homeowners who install alarm systems.

But Pete Moraga of the nonprofit Insurance Information Network of California advised me to check if our coverage matched our needs. I discovered we could drop everything but liability on our car policy because our two clunkers aren't worth replacing if they get into accidents. That lopped \$579 off our premiums.

Next I checked to see if we could get the appraisal on our house lowered. The inspector who came out apparently saw that our no-frills fixer-upper wasn't as quaintly charming as the old appraisal suggested: His assessment resulted in a \$300-a-year savings on our premiums. (Had the company refused to budge, we could have hired a certified home builder to assess the property and then we could have used his report to negotiate.) But Moraga

cautioned me to stay on top of things: "Construction costs go up 3 to 5 percent a year. If you don't update your policy in 10 years, you could be 30 to 40 percent underinsured."

BONUS RESOURCE: For \$7.95, accucoverage.com assesses your home's value using the same data insurers use.



I dropped all but liability on our clunkers and saved \$579.

Reduce Credit Card Debt

UPSHOT: \$826 a year saved

In the early years of our marriage, Rob and I got a little giddy with plastic. The unsurprising result? \$10,000 in credit card debt we're still trying to pay off.

Personal finance expert Liz Weston, author of *The Ten Commandments of Money*, told me that, after a long dry period, banks are offering 0 percent APR cards that charge only a 4 to 5 percent balance transfer fee and are good for as long as 21 months. But, she cautioned, people often think they will pay off the balance within the 0 percent window and then don't, leaving them either scrambling for another offer

or accepting an exorbitant interest rate. She had me there: Back in 2008 I swore we'd be debt-free by the end of 2009. Then the economy tanked and saving suddenly seemed more important than paying off debt, especially since it was parked at 0 percent.

So Weston had another idea. "Take out a three-year personal loan from a credit union," she suggested. "You lock in the rate, which can be about the same as a transfer fee, and it's better for your credit score."

That appealed to me. We wound up with a 6 percent interest rate, but we're free of the vagaries of credit cards—like suddenly jacked-up rates—and with auto pay we'll still get the debt paid in 21 months. Yet we have breathing room if an emergency comes up and we have to extend the payoff period.

BONUS RESOURCES: Creditcardguide.com has info on credit offers and deciphering fine print. Credit.com gives you a "soft" estimate of your credit rating without the request registering with credit agencies.

Roll Over An Old 401(k)

UPSHOT: I don't want to talk about it

Here's what not to do, brought to you courtesy of my life: When I left New York City for a job in Washington, D.C., I meant to roll over my existing 401(k) into my new employer's plan. I never did. In fact, I ignored it long enough that, in 2005, my former employer stopped supporting the plan and my savings were shifted to a money market account where it has been sitting like a dead thing, earning something like nothing for—no joke—six years.

"When you leave a job, you may opt to leave your 401(k) where it is, especially if you're with a company that has investment options you want to keep," says Sarah Walsh, vice president of rollover business management at Fidelity Investments. "But you have to stay engaged with it." Frankly, she sounded a bit shocked by my laxity.

For someone like me, the best choice is to roll an old 401(k) into a new one. You can also roll it into an IRA, which may give you more investment options. (Look for a low-cost provider like Vanguard, T. Rowe Price or USAA.)

Then there's the last option, the only one worse, apparently, than the one I took: "You can do a cash withdrawal," says Walsh. "But if you're under 59, you'll pay taxes and huge penalties."

I now have a new job at a company that, coincidentally, uses the same firm that managed my original 401(k) account. It took me a phone call and a fax to roll it over into one account.

BONUS RESOURCES: The Internet is awash in retirement calculators; two sites with particularly good ones are Bloomberg.com and Bankrate.com.

Get A Home Energy Audit

UPSHOT: As much as \$1,155 saved

If you pay more than \$1 a year in heating and electricity costs per square foot of your home, it's not as energy-efficient as it should be, says Asa Foss of the U.S. Green Building Council. By that measure our house is an unqualified hog.

So I scheduled a home energy audit, in which a pro comes over to comb for energy savings. It was no shock to find that our decades-old window frames hemorrhaged heat, but we were surprised when he steered us away from replacing them. New windows are so expensive it can take decades to repay



the investment, he said. Caulking or sealing would deliver a bigger savings bang for the buck. (Two other low-investment/high-payout actions most homeowners can take are upgrading insulation and replacing incandescent bulbs with compact fluorescents.)

By acting on the audit's recommendations (which also included replacing insulation, lowering the temperature on our water heater and optimizing natural light), we could see 30 percent savings on our energy bills. And the feds may kick in even more: Last year's tax rebates on home energy upgrades were extended (albeit at a lower rate).

Our audit was free, but local funding varies. Barring a discount from your utility company, you can straight out hire a professional, but it takes a lot of caulking to make up for the fee (from \$300 to \$1,000, depending on area).

BONUS RESOURCES: The Department of Energy website (energy

savers.gov) offers a DIY guide to energy audits and a list of upgrades that qualify for federal rebates. The Database of State Incentives for Renewables & Efficiency (dsireusa.org) has a state-by-state guide to rebate programs.

Open A Higher-Yield Checking Account

UPSHOT: Up to \$400 a year earned

With regular savings accounts paying less than 1 percent interest, I wanted the \$9,000 in our emergency fund to work harder. One possibility? Switch to a high-yield checking account. Yes, they do exist. At press time these accounts were offering interest rates as high as 5 percent. But they're not for wimps: To get that bump you typically have to comply with a dauntingly long list of requirements, the most common being that you make at least

one direct deposit and 10 to 12 debit card purchases a month. (Banks earn money from the merchants' transaction fees.) Miss jumping through even one hoop and that month's interest rate plummets to almost nil. "It takes pretty constant vigilance," Weston notes.

On money-rates.com I found a bank an hour outside Rob's hometown of Omaha offering 4.7 percent. The catch? We have to apply in person. Next family vacation we'll drop by.

BONUS RESOURCE: Struggling banks sometimes offer high interest rates as a way to try to boost their funds, so be sure to type the bank's name into Bankrate.com's "Safe & Sound" engine. Look for a rating of at least three stars.

Find Cheaper Cable And Internet Service

UPSHOT: \$1,080 a year saved

I made a quick call to Verizon to review the \$60-a-month air card I've been using to access the Internet during my commute. It turns out that, by adding \$20 to our main plan, I can tether my laptop to the Net through my phone.

Next I looked into reconnecting cable. About a year ago, with our budget as taut as a violin string, Rob and I cancelled it. I barely noticed but Rob suffered: The games he loved weren't streamed online. (Believe me, he looked.) Now that our financial picture has brightened he wants them back.

But at around \$50 a month for a basic cable package, those Nebraska college football games were looking mighty expensive. So we compromised: He bought a \$30 indoor antenna to pick up over-the-air signals. It's the modern cousin to the tinfoil rabbit ears that perched on top of TVs back in the '80s.

The resulting HD signal is prone to interference, but we're not paying a monthly fee and the reception is HD crisp. Rob is so pleased he's looking into getting a bigger outside antenna.

BONUS RESOURCES: Check out Antennasdirect.com for an exhaustive guide to choosing indoor or outdoor models, including by-location channel guides. Not a sports fan? Invest in a Roku Streaming Player (prices start at around \$60), which streams movies and shows to your TV using your home Internet connection.

Consolidate Vital Records

UPSHOT: Peace of mind (priceless)

Dealing with all this money stuff showed me how balkanized our finances are: I take care of some things, Rob takes care of others. If something happened to either of us, the other could not necessarily jump right in. We needed an overall map, a worst-case-scenario guide, to our financial affairs.

A free online form from Merrill Lynch took us through a useful checklist. (Google "Merrill Lynch" and the form's name—"Organizing your financial life. Critical information at your fingertips.") The form nudged us not only to document all our accounts but to locate and properly store important records such as property deeds and passports.

Between muttering "I just saw that" and keeping a 3-year-old amused while Mom and Dad filled out the form, it was a long four hours. But it feels so good to have it done.

BONUS RESOURCE: The legal website LawEasy.com gives free access to all sorts of legal templates, including a "child emergency health form" that would be useful for babysitters or day-care facilities to have. ■

Test your money smarts with our quiz at LHJ.com/moneyIQ.