



Penny Pinching Ideas

“A penny saved is a penny earned.” Of course, we’ve all heard this saying a zillion times. It was Benjamin Franklin who said it, and guess what? He really meant it, and he became one of early America’s wealthiest citizens.

Little by little, we save money by not spending it, and when we must spend it, there are lots of things we can do to keep from paying more than we must. This means more pennies in our pockets that wind up in savings accounts that build up over time. If you make a consistent, conscientious effort to purchase wisely, saving cents or dollars or hundreds of dollars on your purchases, it’s money you’ve earned for the future.

In this issue of Dollars & Sense, you’ll discover some wonderful tips and ideas for “pinching pennies” and thus, earning money. ■



Free Trial Offers: Timing Is Everything

Let’s face it. We’re all attracted to free trial offers. They can be a great way to try new products or services without making a long-term commitment to a membership, subscription, or extended service contract. But mark your calendar and keep it close at hand. If you don’t cancel before the trial period ends, your acceptance of a free trial offer may be an agreement to buy other products and services.

According to the Federal Trade Commission (FTC), the federal government’s consumer protection agency, a company may claim its free trial offer has no risk or obligation for the consumer. But, the FTC cautions, that’s true only if the consumer takes timely action to avoid future obligations. For example, agency officials say, you may have to contact the company to cancel during the trial period to avoid receiving additional goods or services, or to pay for what you’ve already received. By not cancelling, you may be agreeing to let the company enroll you in a membership, subscription, or service contract, and to charge the fees to your credit card.

Upselling Has Its Downside

Sometimes you may call a company for one reason, and at the end of your transaction, hear about a trial offer that another company is offering. That’s called upselling. Says the FTC: if you receive such an offer, pay close attention to the terms and conditions. Understand with whom you’re dealing and what you’re agreeing to. By accepting the trial offer, you may be agreeing to let the company you called give your credit card account information to another seller.

If you don’t cancel during the trial period, your credit card may be charged by the second seller for the product or service offered for the trial period. If you don’t recognize the seller, you may think the charge is an unauthorized transaction when in fact, by accepting the trial offer, you may have agreed to pay if you didn’t cancel before the trial period ended.

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Making Sure the Scanned Price Is Right

When we're at the supermarket, department store, or other retailer, we casually observe as the store clerk scans the items we're purchasing, and we just naturally assume the price that shows up on the display screen is correct. Or nowadays, through self-checkout counters, we're able to scan, bag, and pay for items ourselves.

From groceries to barbecue grills, most everyday items bear a Universal Product Code (UPC). This symbol—a series of numbers and vertical bars of varying thicknesses—is shorthand for product information. When a cashier passes the UPC symbol over an electronic scanner, a computer decodes the symbol and sends the price to the register. The price appears on a display screen and on your printed receipt.

Retailers say scanner technology has several advantages: speeding checkout time, lowering labor costs, and improving sales and inventory records. They also say that scanning results in fewer pricing errors than manual entry. Hey, it's high technology, so it must be accurate, right? Well, not so fast.

As advised by the FTC, it's important to be aware that scanning errors can result in overcharges and undercharges. Overcharges can cost you money, especially if you don't speak up when they occur. They also can be frustrating for time-conscious consumers, who may have to stand in line for a refund or, worse, return to the store.

Savvy consumers—those who are aware of prices, who check scanner charges for expensive items or items they know are on sale and who are willing to shop elsewhere if price corrections aren't made—will encourage retail stores to police the accuracy of their checkout scanners.

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How to Be Penny Wise, Not “Pump Fuelish”

It's no secret that gas prices have hit their highest levels over the past several months, only to come down some and then skyrocket again. However, the FTC and the American Automobile Association (AAA) say the ever-fluctuating high prices of gasoline don't have to break your budget. And they offer these tips to help you pinch pennies at the pump:

When Gassing Up:

- Choose the right octane gas for your car. Check the owner's manual to find out what octane your engine needs. Octane ratings measure gasoline's ability to resist engine knock. The higher the octane, the higher the price: Premium (highest octane) gas sells for an average of 17 cents more per gallon than regular gas. Only about 6% of cars sold in the U.S. need premium gas, the AAA says. Still, premium gas accounts for 20% of all gas sold. Resist the urge to buy higher octane gas for “premium” performance.
- Avoid topping off your gas tank. In warm weather, fuel expansion can cause an overflow.

Before Heading Out:

- Keep your tires inflated to the proper level. Properly inflated tires provide less road-resistance and can improve fuel efficiency. Check your owner's manual for appropriate inflation levels. This information also is usually available on the jamb of the driver's-side door.
- Keep up with engine maintenance. Make sure that you change the spark plugs and filters according to the manufacturer's recommendations.
- Avoid packing items on top of the car. A loaded roof rack or carrier creates wind resistance and can decrease fuel economy by 5%. It's better to place items inside the car or trunk.
- Lighten your load. An extra 100 pounds in the trunk reduces a typical car's fuel economy by 1 to 2%.

Drive More Efficiently While on the Road:

- Stay within posted speed limits. Driving at high speeds, especially for long distances, uses more gasoline. Gas mileage decreases rapidly at speeds above 60 miles per hour.
- Use cruise control; it helps maintain a constant speed and, in most cases, helps reduce fuel use.

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Pricing Accuracy Concerns

Electronic scanning is not foolproof. The reasons: human error, pricing difficulties, and management problems. As a result, consumer advocates and regulators are concerned about inconsistencies between advertised or posted prices and prices stored in the computer; inaccurate prices throughout a chain of stores because of an error in the central computer; and problems for shoppers who may not remember posted prices or special promotions when they check out.

Spotting Scanner Errors

Although the UPC symbol has replaced the traditional readable price tag, it's still possible for consumers to spot pricing errors at the register. Here's how:

- Watch the display screen for prices. If you think you're being overcharged, speak up. Ask about the store's policy on pricing errors, and ask the cashier to make the adjustment before you pay. Although some stores simply adjust the price, others deduct an additional amount. Still others offer the incorrectly priced item for free.
- Bring a copy of the store's flyer or newspaper ad to the checkout counter. Some advertised specials—

15% off an item for two hours, for example, or a two-for-one promotion—may not be in the computer and must be entered manually by the cashier.

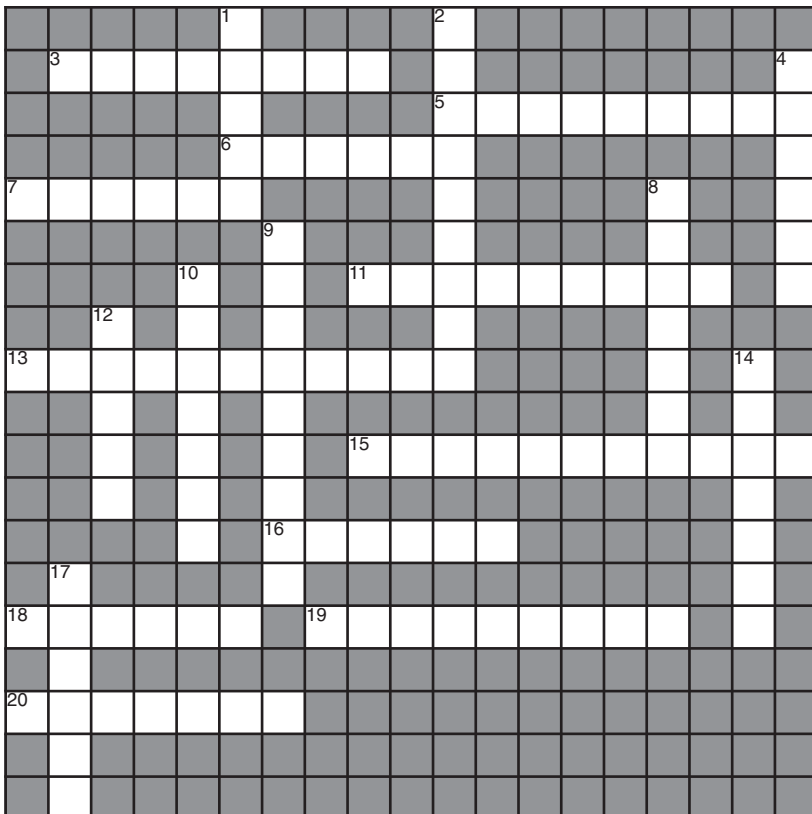
- Consider jotting down prices or special sales as you make your way through the store. In grocery stores, you may want to use a pen or pencil to note the product prices on the packages.
- Check your receipt before you walk away. If you notice an error, ask the cashier to adjust the total. If you've already left the cashier's lane, see the store or department manager or the customer service department to correct any mistakes.

Effective Complaining

If you notice a pattern of electronic scanning errors in a particular store, talk to the customer service department or the store manager. You may also want to write a letter to the company's headquarters. The retailer may not realize a problem exists until it's pointed out.

You may also report recurring problems to your state Attorney General's office, state or local consumer protection office, or your state or local office of weights and measures. Finally, consider filing a complaint with the FTC. ■

Penny Pinching Crossword Puzzle



ACROSS

3. First name of one of early America's richest citizens.
5. A bar code is ___ for product information.
6. Keeping the ___ tuned boosts gas mileage by 4%.
7. Cars that combine gas engines and electric motors.
11. UPC stands for ___ Product Code.
13. Not ___ during the trial period could result in a charge to your credit card.
15. Scanning errors can result in _ and under charges.
16. Choose the right ___ gasoline for your car.
18. Replacing the air___ increases gas mileage by 10%.
19. In warm weather, fuel ___ can cause an overflow.
20. Watch the ___ screen for prices when items are being scanned.

DOWN

1. A penny ___ is a penny earned.
2. ___ can have its downside.
4. If you notice an error, ask the cashier to ___ the total.
8. Retailers say ___ technology speeds checkout time.
9. Electronic scanning is not ___.
10. Check your ___ before walking away from the cashier.
12. ___ buyers are aware of prices and check charges.
14. ___ gas is 17 cents more per gallon on average than other types.
17. ___ is everything with free trial offer.

of fuel because, gallon for gallon, some don't travel as far as gasoline-powered vehicles.

How to be Penny Wise...

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- Stop aggressive driving and avoid "jack-rabbit" starts and stops. You can improve your gas mileage up to 5% around town if you avoid fast starts and stops by anticipating traffic conditions and driving carefully.
- Use overdrive gears when on the highway. Overdrive decreases the car's engine speed, reducing fuel consumption and engine wear.
- Use air vents to circulate the air instead of air conditioning.
- Avoid unnecessary idling. It wastes fuel, costs you money, and pollutes the air. Turn off the engine if you anticipate a wait.
- Combine errands. Several short trips taken from a cold start can use twice as much fuel as one trip covering the same distance when the engine is warm.

At the Garage: Maintain Your Car

- Keep your engine tuned. Tuning your engine according to your owner's manual can increase gas mileage by an average of 4%. Increases vary depending on a car's condition.
- Change your oil. According to the U.S. Department of Energy (DOE) and Environmental Protection Agency (EPA), you can improve your gas mileage by using the manufacturer's recommended grade of motor oil. Motor oil that says "Energy Conserving" on the performance symbol of the American Petroleum Institute contains friction-reducing additives that can improve fuel economy.
- Check and replace air filters regularly. Replacing clogged filters can increase gas mileage up to 10%.

Alternative Fuel Vehicles (AFVs) and Hybrid Electric Vehicles

- Certain cars operate on alternative fuels, such as methanol, ethanol, compressed natural gas, liquefied petroleum gas, electricity, and others designated by the DOE. Using these alternative fuels in vehicles may reduce harmful pollutants and exhaust emissions. FTC Rules require labels on all new AFVs to give the vehicle's estimated cruising range and general descriptive information. Find out how many miles a new AFV travels on a tank or supply

- Hybrid Electric Vehicles offer another option for car buyers. According to DOE and EPA, these vehicles combine the benefits of gasoline engines and electric motors and can be configured to achieve different objectives, such as improved fuel economy and increased power. ■

Free Trial Offers: Timing is Everything

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Smart Questions to Ask

The FTC says that before you give the okay to a free trial offer, ask the seller:

- Is the free trial offer related to a membership, subscription, or extended service contract?
- Do I have to contact the company to avoid receiving more merchandise or services? What's the deadline for contacting the company?
- Who do I contact to cancel? How can I cancel? By letter? Phone? Email?
- Will I get other products with the free item? If I will, will I have to pay for them or send them back if I don't want them? How long do I have to decide before incurring a charge?
- Is there a membership fee? If so, is it refundable?
- Will the company automatically bill my credit card for anything?
- Who's offering the trial? The company I'm talking to or another company?

If You Have a Problem

If you have a problem with a trial offer, try to resolve it with the seller first. If you're dissatisfied with the response, contact your local Better Business Bureau or consumer protection agency. Remember, you have a right to dispute any charge you think is inappropriate with the seller and your credit card company. ■

Family Financial Education Foundation

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