

# Tips for Dealing with Pain at the Pump

By Brett Ellen, CFP®

The average price of a gallon of gasoline nationally having now surpassed \$4.00, is almost a dollar higher than it was a year ago. One of the culprits: the skyrocketing price of oil which continues to reach record highs. In fact, experts say that, generally, for every dollar increase in oil prices, gas prices increase by 2.4 cents a gallon.

Read “High Oil Prices Have Significant Effects on Consumers and the U.S. Economy” published by Congress’ Joint Economic Committee and you’ll come quickly to the conclusion that high oil and gas prices may be more than a passing trend. According to the report, prices are up due to decisions made by OPEC and other oil-producing countries, stagnant production in Iraq, and ongoing concerns about political and supply stability in a number of oil-producing countries. Oil prices also have been driven up by the increased speculative buying of oil futures by institutional investors from pension funds to university endowments. Yet, as Joint Economic Committee’s report concludes, the most significant, long-term factor driving oil prices higher may be the greatly increased demand for oil in developing countries such as China and India.

With surging global oil demand ensuring an uptrend in oil pricing, it may be time to develop some long-term survival strategies to deal with high gas prices. These pointers can help you to adjust to life at more than \$4 a gallon:

- **Shop around.** Driving all over town looking for the best deal on gas burns precious fuel. Instead, log on to a website like [www.GasBuddy.com](http://www.GasBuddy.com) to help you pinpoint cheap gas in close proximity.
- **Drive to conserve fuel.** Tuning-up your car on a regular basis, keeping your tires properly inflated, and reducing your load by clearing your trunk and backseat of junk can increase fuel efficiency. In addition, AAA suggests driving within the speed limit on the highway as engines operate most efficiently in the 55 to 60 miles per hour range. You’ll also save fuel by braking or accelerating gradually. How should you cool your car when running the air conditioning decreases fuel economy by 20%, but open windows increase drag? Experts say air-conditioning is most efficient for faster speeds, but when you’re stalled in traffic, roll down the windows.
- **Choose public transit:** On June 19, the American Public Transportation Association (APTA) and more than 125 public transportation systems nationwide celebrated the third annual Dump the Pump Day. However, there’s certainly plenty of interest in public transit outside of the one-day event. Cities from Boston to Los Angeles, the “great big freeway,” are reporting increases in the number of people using mass transit. In fact, according to the APTA, Americans took 2.6 billion trips on public transportation in the first three months of 2008, 85 million more trips than last year during the same time period. That 3.3 percent increase in the first three months of 2008 continues the upswing from last year when Americans took 10.3 billion trips on U.S. public transportation – the most in fifty years. Not surprisingly, the Federal Highway Administration has reported that the vehicle miles traveled on our nation’s roads declined by 2.3 percent in the first quarter.

How much could you save taking public transportation? APTA offers a calculator that will help you figure your savings at: [www.publictransportation.org](http://www.publictransportation.org).

Sources: [http://www.apta.com/media/releases/080602\\_ridership\\_report.cfm](http://www.apta.com/media/releases/080602_ridership_report.cfm)  
[http://www.apta.com/media/releases/080617\\_third\\_annual.cfm](http://www.apta.com/media/releases/080617_third_annual.cfm)

- **Reduce your carbon foot print.** Try to bicycle or walk when you can. In addition to saving on gas, your decision to move under your own power is good for your health – and for the environment. In fact, in researching the nation’s best cycling cities, the editors of *Bicycling* magazine report that cycling is being embraced not only in long time pro pedal-power cities like Portland, Seattle, Chicago, San Francisco, and Boulder, but in Washington, D.C. Louisville, Kentucky, New York City, Minneapolis, and San Jose. Noting that since their last survey in 2006, they see big changes in urban centers that may be the beginning of a far-reaching pro-cycling movement, the editors name Boston, Los Angeles, Salt Lake City, Columbus, and Fargo-Moorehead as cities to watch for the future.

Source: <http://www.bicycling.com/article/0,6610,s1-2-19-17083-1,00.html>

- **Broaden your carpool.** In addition to carpooling to work and school, take the time to organize weekly errands into fewer trips. You might also consider reaching out to neighbors to gauge whether you can save on driving by organizing neighborhood transportation and errand schedules.
- **Think small.** If you’re in the market for a more fuel-efficient new car, visit the U.S. Department of Energy’s Fuel Economy site ([fuelconomy.gov](http://fuelconomy.gov)) or the EPA’s Green Vehicle Guide ([www.epa.gov/greenvehicles](http://www.epa.gov/greenvehicles)) for information on which vehicles get the best gas mileage.
- **Look for promotions.** Some auto manufacturers, like Chrysler, are offering new car buyers three years of gas at \$2.99 a gallon. Other local car dealers are offering a year or two of free gas with the purchase of new car. Additionally, to encourage travel, offers of free gas cards are posted everywhere from the web sites of top hotel chains to ads for vacation rentals on [www.craigslist.com](http://www.craigslist.com).
- **Try a four-day work week.** The federal government has offered a four ten- hour day work week to eligible employees for years. Today’s surging gasoline prices may be incentive to push more private employers down that innovative road. If you are an employer wrestling with the issue of raises in a difficult economy, you might consider the option of a four-day work week as a perk that offers employees greater flexibility – and savings on commuting costs – in lieu of that big raise. If you are looking for an effective employee incentive, try a \$100 gas card.

Too often, it takes a crisis for Americans to pay attention to an issue and change harmful behavior – and we may not yet have reached the tipping point. As Keith Naughton points out in “Should You Pay \$6 Per Gallon?” published in a recent issue of *Newsweek*, “Back in 1980 gas and oil expenditures accounted for 5 percent of our personal income. Today, even at these prices, gas accounts for just 3.5 percent of our personal income, according to the Bureau of Economic Analysis.”

Even so, with pain at the pump increasing, the Department of Transportation reports that Americans drove 11 billion miles less in March 2008 compared to the same month a year ago. Yet, while “stay-cation” – a tent in the backyard and burgers on the grill instead of that long drive to the seashore – has entered into this summer’s lexicon, it remains to be seen whether “Let’s go out for a drive” becomes as old-fashioned as “Let’s go to the drive-in.”

Sources: <http://www.newsweek.com/id/133994/output/print>  
[http://money.cnn.com/2008/05/28/pf/saving/toptips/index.htm?section=money\\_latest](http://money.cnn.com/2008/05/28/pf/saving/toptips/index.htm?section=money_latest)

### **About Brett Ellen and American Financial Network**

Brett Ellen, founder and president of American Financial Network, is a financial planner and investment advisor representative with Securities America Advisors who specializes in wealth management and corporate benefit planning services. Additionally, Ellen established and is an active part of the Financial Solutions Alliance, a network of financial service providers from across the country that work collaboratively to address the financial and business needs of their clients. Unprecedented in his ability to serve both individual investors and corporate planners, Ellen is recognized by Securities America as their top advisor.

As a California native, Ellen believes strongly in giving back to his community. He and his firm actively support a variety of non-profit organizations. In 2008, the Muscular Dystrophy Association awarded Ellen the prestigious Humanitarian of the Year Award for his philanthropic endeavors and dedication towards making a difference. In 2001 he and his wife, inspired by their children, formed their own non-profit. TKOHelpingHands.org (Turn Kindness On) promotes community involvement and social responsibilities in young children.

For more information about Brett Ellen, visit [www.afn-net.com](http://www.afn-net.com).

\*\*\*Securities offered through Securities America, Inc. member FINRA/SIPC, Brett Ellen, Registered Representative. Advisory services offered through Securities America Advisors, inc., an SEC registered investment advisory firm. Brett Ellen, registered investment advisor representative. American Financial Network and Securities America are unaffiliated.