



# How Much Are You Paying For Free Stuff?

By: Joe the Investor

There is no such thing as free stuff in reality – someone has to create the product and pay the cost of producing it. The trick is that sometimes the cost of the stuff is transferred to another person or paid for using some alternate method that is not obvious. How can you pay for free stuff? With time, stress and restrictions as opposed to what you would normally do.

## Wasting Time

Are you wasting time jumping through hoops to collect the free stuff? The saying “time is money” applies to anyone, not just business people because time is something you cannot have back once it has been lost or “used up”. The way to know how much your time costs is by comparing it to money. If I spend an hour a month working to obtain “free stuff” and I could be doing something that pays me \$20 per hour, then I am paying \$20 per month. There are instances where you may save time, but are not necessarily getting paid for it. What else would you rather be doing instead of chasing free stuff? Maybe you are learning something new, researching a deal that could save you money somewhere else, you can do tasks that you may be paying someone else to do, or change a habit that may save you money. This concept is very individual, and you would have to see where your time goes to understand where the trade-offs are. I often ask people: “Where Does Your Money Go?” There is a corresponding question which in many ways is more important: Where Does Your Time Go?” Given all of the complaining about not having enough time, this question should be examined more closely.

## Personal Information

Many sources of free stuff will present themselves only if you provide personal information. What is wrong with this? You could argue that it does not matter to you since all of my information is out there anyway and I have nothing to hide. Whether this is true or not still leaves you vulnerable to the filling out of endless forms or sifting through telephone calls and emails which you are likely not interested in engaging in. Your information may be “shared” or sold to other vendors whom you did not deal with directly and which will add to the annoyance and time wasting. In the age of computer hacks and identity theft, the more places personal information is available, the more likely this will happen to you. Aside from the stress and time spent in cancelling credit cards, updating anti-virus software and chasing down money taken from your accounts, there is also a greater chance of fraud and theft which is a great

disturbance to your life. The effects of that may linger on for years after the occurrence. The best security measure you can take is not to put information into a technology platform in the first place.

### Restrictions on Shopping

The old adage of saving money on buying products is to “shop around” for the best offer. If you have ever done this, you will know there are sometimes wide divergences in the prices of goods either from different locations or different times of the year. One of my most valuable ways of saving money is to shop when / where other people do not. If you are collecting points, are you still going to do the comparison to get the best deal in spite of the points not being collected? From the people I have seen, I think the answer is no. It is not likely that one store or web site will always have the best deals. Even the known cheaper stores may have expensive products.

### Being Organized

Is being organized and doing administrative tasks natural for you? If it is, tracking points and optimizing their use would be second nature to you. I find many people are the opposite – filling out forms, doing paperwork, calculating discounts or accounting for taxes on purchases is not their strong suit. If you want proof, go to dinner with a bunch of people and see how the tip is calculated. If people bother with it at all, they will use the computer or an app to do it for them. An app or computer cannot make decisions for you when it comes to buying products with intangible elements like time, aggravation and stress built into the equation.

### The Pretzel

Are you forced to buy things or utilize services that you really don't want or at times that are not convenient for you? Do these choices cost you in many other ways? A classic example is flying somewhere on points. Yes, the flight is free, but it is at 3 am on Monday morning. You may have been able to take transit to the airport, but at such an odd time, you will need a limo or a taxi cab. The flight could have been direct, but the free flight may have 1 or 2 layovers where you are wasting hours at the airport(s). Since time is being wasted at the airport, you will buy more expensive meals and utilize more roaming charges unless you plan ahead. If you have to stay overnight for a layover, there is an additional transportation and accommodation fee that is part of your trip expense, but not necessarily part of your vacation. You may need additional vacation days due to this free flight which will cost you for other vacations that you may want to take. If you are starting to feel like a pretzel, this is the point. Are you going to do a comparison to see if the pretzel flight is worth it compared to paying for a direct flight at the time you want and for the destination that you want? If you forgo the pretzel flight, maybe you will not be able to redeem these points in the future. Maybe then you will have to buy something to “use up the points”. Once you commit to these programs, you are under the rules

of the issuer, and they will change to any time to accommodate the issuer and make profits. If someone is making profits, the customer is paying for those profits. The trick for you is to figure if it is worth it in spite of what can transpire.

When Is the Free Stuff Worth it?

The free stuff can be a good offer if it is treated like a discount that you were not expecting. If you take the opposite view of all of the points stated in this article, the free stuff will be a good deal. If you would have bought the product anyway on its own merit and the points are a bonus, you are not subject to additional hassles or organizational hoops, you have options to utilize the loyalty program and still get the best deal without the pretzel effect, then the free stuff is likely a good idea. The key to this concept is to observe your habits and your spending style and find a program that fits well with you instead of having to contort into whatever the program demands. You may sometimes have to abandon the programs if they are just not worth it. If you find this impossible due to the idea that "I have to use my points" at all costs, this may resemble an addiction and decisions will likely be distorted rather be a bonus for you.