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Spend your tax refund wisely. In 2007, the average American tax refund was \$2,733. That's a lot of money! Can you use that money to **pay off debts** or **create an emergency fund** instead of blowing it on something that will lose half its value the second you buy it? If you invest nearly \$3,000 wisely, it could be worth ten times that much in as many years.

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Break up with your credit card. Did you know that people who use credit cards for purchases end up spending more money than people who use cash? That's because parting with cash is painful. Using a credit card doesn't carry that much of a sting. If you can, divorce your credit card and see how it feels to pay with cash. You'll probably end up saving a good deal of money.

- If you do maintain a credit card, do things to reduce expenses. Try to pay off the full balance each month and on time. That results in interest-free credit. At the very least, make the minimum payment before the due date to avoid a late fee.

Method 5 of 5: *Going Mortgage Free*

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Refinance your home mortgage. Refinance to a lower rate or to a 15-year loan instead of a 30-year loan. This way you only pay a few extra hundred dollars per month but you will save yourself much more than that in total interest.

- For example: A \$200,000 mortgage on a 30-year loan will cost you another \$186,500 in interest payments, so you are actually paying a total of \$386,500