

DCC Dollars & Sense

Volume II, Issue I

June 1, 2006

Rising Fuel Costs

Special points of interest:

- Tips to save at the pump!
- How much has fuel cost increased?
- Have consumers received enough in cost of living increases to cover it?

As if the already increasing cost of fuel isn't enough to constrict an already tight budget, we are entering the summer travel season. A time when most everyone is planning vacations that for some, take place every year, however, this year consumers will be seeing a difference in cost.

For families planning trips this summer,

they will need to take into consideration the increase in travel costs. Though for most consumers, the cost of the family vacation is something they're willing to pay, in order to spend the time together, however there are others who will want to look into family activities that do not require as much travel.

The average cost per gallon of regular unleaded gasoline a month ago was \$2.90 compared to \$2.13 this time last year. An increase of \$.077 per gallon, or, even more staggering, this translates into a 27% increase in a consumer's fuel budget in the past year.

How does this increase impact a consumer's regular cost of living? Salary.com released the following statement on March 15th,

2005 "As of early 2005, most businesses have made their 2005 salary increase budgets. Based on surveys of employers of all sizes, Salary.com expects that the typical 2005 pay raise will range between 3.1% to 4.3% with the most likely being 3.7%."

According to the US Census Bureau, the 3-year-average median (Which is the sum of 3 inflation-adjusted single-year medians divided by 3) the average median household income was \$44,473.00. A most likely increase of 3.7% would mean the median annual increase would be \$1,645.50. Monthly, and after taxes, a consumer would see \$97.00 per month.

Assume for a moment that an average consumer fills their tank once per week with approximately 17 gallons of gasoline. This cost would be increased from \$36.21 per fill-up to \$49.30. This reflects a monthly increase from \$147.64 in fuel cost to \$197.20. On an annual basis, a consumer will have jumped from paying \$1882.92 (Which in many cases already seemed too high) up to \$2563.60. This is 5.7% of a consumer's gross annual income, compared to 2.6% one year ago, an increase of 3.1%.

On the average, fuel prices for vehicles alone have engulfed 83% of an individual's cost of living increase. This of course is presuming that a consumer was eligible to receive a cost of living increase, which for many salaried em-

Rising Fuel Costs Cont.

ployees, does not apply. For those consumers not eligible for an annual increase, or for those who were, but are still feeling the pinch, we have a few suggestions compiled from many different online resources. Below are some of the most common cost saving ideas that we found:

Maintain Your Automobile:

Under inflated tires can lower your fuel economy by up to 2% for every pound of missing pressure. For those of not mechanically inclined, a tire can lose up to 5 pounds of pressure before it becomes noticeable while driving. But your gas budget will be noticing the 10% decrease in efficiency. 10% on average could mean losing one gallon's worth of mileage per fill up. 52 fill-ups per year and an extra \$2.90 at the pump, under-inflated tires could be costing you \$150.08 per year.

Empty your trunk of extra weight and remove top carriers, bike racks and ski racks. Though the percentage is more difficult to calculate, you're losing performance due to the wind resistance.

Change your air, oil and fuel filters regularly. This improves your engines efficiency.

Change Your Driving Habits:

Consider public transportation or carpooling whenever possible, especially when driving the children to and from school and activities.

Walking or Bike Riding to the corner store will save money.

Observe the speed limit, doing 65mph instead of the posted 55mph can increase fuel

consumption by 15%. The speed limit of 55 was set in the late seventies due to a fuel crisis then. It was believed to be the most efficient speed.

Turn off the air-conditioning whenever possible.

Buy Smart:

Check our pre-paid gas cards, the companies may offer discounts.

Buy gas early in the morning or later at night. Believe it or not, you can get more out of the pump in the morning or at night. The fuel actually condenses and expands throughout the day.

Use the lowest grade of gasoline your owner's manual recommends. The difference in performance between regular and high octane, is minimal in most vehicles.

When the pump clicks off get that extra dollars worth by draining the hose into your tank, just lift the hose higher than the nozzle.

Though following these suggestions may help to ease the impact of rising fuel costs, many may still find that other sacrifices will need to be made. Unfortunately, as we know, there is no magic wand that we can waive. When there's no easier option available, it is recommended to review your budget for non-essentials that can be cut back on to help cover the cost, as most of us will find that travel is a necessity in order to maintain a source of income of which everything else is based.