

Get Rich: Quit Smoking

IF YOU'RE LOOKING for reasons to quit smoking, we've got \$5,977 of 'em.

That is, \$5,977 in savings each year. And we're not just talking about the annual cost of cigarettes to fuel that pack-a-day habit, which at an average cost of \$4.36 per pack will set you back \$1,591.40 annually. We calculated other ways you'll save — most likely in areas you never thought about. (How much you specifically will save will obviously depend on your situation.)

"The savings on the cost of buying the cigarettes is relatively minor," says Frank A. Sloan, author of "Price of Smoking," and the director of the Center for Health Policy, Law and Management at Duke University. Smokers spend more on health care and earn less from Social Security (sadly, early death leads to fewer Social Security payments). Figuring in the varied long-term costs, he says, each pack actually costs a smoker \$40.

Quit, and you'll start seeing some significant financial savings immediately. Here are a few ways you'll save:

Life insurance: \$940

Insurers have completely different mortality expectations for smokers versus nonsmokers, which creates staggering gaps in life insurance premiums, says Steven Weisbart, an economist with the Insurance Information Institute. Consider this: A 40-year-old man in decent health would pay just \$460 per year for a 20-year, level-term \$500,000 policy. If he smokes, that cost would more than triple to \$1,400. That policy for a woman of the same age and health would cost \$400, or \$1,000 if she smokes. "Most companies want at least one year of nonsmoker activity before you'd qualify for the lower rates," says Weisbart. And expect to be asked for a blood test to prove it. The good news? There's no "former smoker" distinction in life insurance. Even if you smoked two packs a day for 20 years, you'll go right back to that lower rate.

Auto insurance: \$42

Like any in-car distraction, smoking causes its share of accidents. "Smokers are notorious for not paying attention while looking for their lighter," says Sandy Praeger, Commissioner of Insurance for Kansas. Be sure to tell your insurer that you don't smoke — they may offer a specific nonsmoker discount, or include it as part of a safe driver discount. Citizens Insurance Company of America, for example, offers a 5% discount on comprehension and collision coverage if no drivers have smoked in the past 15 months. The average American spending \$838 on such coverage would save about \$42.

Car resale value: \$1,910

"Consumers just love that new car smell," jokes Joni Grey, consumer advice editor for Kelley Blue Book — and they're just as particular about the scent in that used car they're considering buying. Vehicles owned by nonsmokers are easier to sell, and retain their value better than those owned by smokers, she says. Under Kelley Blue Book pricing guidelines, just "some" smell of smoke is enough to drop an otherwise perfect car from excellent to good condition, an average decrease in value of 7% to 10%. A 2005 BMW 5-Series 525i in excellent condition might fetch \$35,730 in a private party sale, for example, while one in good condition is valued at \$33,820.

Homeowners insurance: \$33

Just consider the statistics: Smoking causes about 23,000 residential fires each year, not to mention millions of dollars of damage, according to the U.S. Fire Administration, a government agency. So it's not surprising that some insurers reward nonsmokers with discounts, says Jean Salvatore, a spokeswoman for the Insurance Information Institute. Concord Group Insurance, for example, gives a discount of 5% for nonsmoking households. Homeowners pay an average premium of \$668, according to the III, which would translate to annual savings of about \$27.

Health insurance: \$480

"We're seeing a lot of focus on wellness," says Praeger. "The insurance companies know it's in their best interests to get smokers to quit." Consumers who purchase health coverage on their own can expect slightly higher rates if they smoke. You may also save even with an employer-sponsored plan. Government employees in Georgia, for example, are charged an additional \$40 per month for health insurance if they smoke.

Health-care costs: \$281

Over the course of a lifetime, smokers spend an additional \$17,973 on health care, according to the Campaign for Tobacco-Free Kids, an advocacy group. By quitting, you'll save an average \$9,851, depending on how long and how heavily you smoked. If you live for another 35 years after quitting, that's about \$281 a year.

Employer incentives: \$700

Check your employee benefits manual for wellness incentives, suggests Bob Nelson, author of "1,001 Ways to Reward Employees." Employees who smoke tend to incur more health-care costs and take more sick time than employees who don't, he says, so more companies are rolling out rewards for those quitters. Dallas-based Pioneer Natural Resources Company, for example, offers workers up to \$700 a year for healthy behaviors such as not smoking, minimizing sick days and exercising regularly.

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