



The Cost of Smoking

If you're a smoker and looking to save money, quitting smoking is a good place to start. Unlike canceling your cable subscription or purchasing generic supermarket goods, quitting smoking will put money in your pocket while also benefitting your health!

Costs of Smoking

- On average, a pack of cigarettes costs \$6.36. Using this number, if you smoke one pack of cigarettes per day (20 cigarettes), you could save \$2,321.40, or the cost of engagement ring, after one year if you do not spend that money on cigarettes. Over three years, you could save \$6,964.20—or about a 25 percent down payment on a new car. In five years (assuming the cost of cigarettes hasn't gone up), you would save \$11,607, or more than the average yearly cost of shelter.
- If you purchased a 20-year term life insurance policy for \$500,000, it would cost between \$570 and \$1,035 in premiums yearly for a nonsmoking middle-aged man—it could cost as much as \$4,250 for that same man if he smoked a pack a day. That's a difference of \$3,215—or a week-long trip for two to an all-inclusive resort in the Caribbean.
- When trading in your vehicle for a new one, car dealers will reduce the resale value of your car by about \$1,000 for smoking damage, which is roughly the cost of a mortgage payment on a \$150,000 house.
- Some studies suggest that smokers earn 4 to 11 percent less than nonsmokers because they are perceived to be less successful. This could equate to a \$5,500 loss for someone who would earn \$50,000 per year, or the maximum annual IRA contribution for workers under 55.
- Under the Affordable Care Act, premiums for smokers can be 50 percent higher than their nonsmoking counterparts. The same policy with a \$300 per month premium for nonsmokers can cost smokers \$450, which equates to an additional annual payment of \$1,800.

- If a 40-year-old smoker quits and puts the amount he or she would have spent on cigarettes into a 401(k), he or she could save as much as \$350,000 (assuming 9 percent annual rate of return) by the time he or she reaches 70 years of age.
- You could also put all of the money you save into a Health Savings Account (HSA). The money would accumulate tax-free, and you could take it out at a later date to cover your medical expenses (also tax-free).

Quitting smoking really is a great way to save money.



Smokers need extra money for living expenses, such as dry cleaning, teeth whitening, carpet cleaning (due to smoking odors), lower lifetime benefits and higher homeowners insurance rates.