

How to Earn \$1 Million by Not Watching TV

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A recent study found that it would take \$1 million for someone to be willing to give up TV for the rest of their lives.

Guess what? If you decided to give up TV and invested the money you saved, you would get that \$1 million -- and probably a lot more.

People rarely consider the cost of watching TV, and when they do, they usually focus on the cost of their monthly cable bill. The truth is that there are a wide variety of costs associated directly and indirectly with having a TV.

Here are some areas where your TV drains your finances:

TV: The cost of your TV can range anywhere from a few hundred dollars to several thousand if you decide to go for the newer plasma flat screen TVs. Take this cost and multiply it by several times, since you will likely own far more than one TV during your lifetime.

Entertainment cabinet system: Most people don't consider this cost when purchasing a TV, but you need a stand or entertainment cabinet on which to display your TV and other components of your entertainment system. This will cost anywhere from a few hundred dollars on up, depending on how fancy you decide to go. You can also assume that you will replace this at least once during your lifetime.

Cable: Once they have a TV, most people aren't satisfied watching only the free basic channels. Most will subscribe to a cable or satellite package that will cost them anywhere from \$20 a month for bare-bones cable channels to well over \$100 a month.

Pay-per-view: There are an increasing number of special pay-per-view sporting and entertainment events now found on TV. You might spend nothing to over \$100 a month on these, depending on your viewing habits.

Movies: In addition to cable, most people are going to want to watch movies. That means either purchasing the DVDs or renting them from a service such as NetFlix and paying a monthly fee.

DVD/DVR: In order to watch the movies that you rent, you are going to need a decent DVD player. This will cost at least a few hundred dollars. And again, you'll likely replace this a minimum of several times over your lifetime as technologies change and better quality devices are created. You also may buy recording devices or DVRs like Tivo and related accessories to catch all of your favorite shows.

Gaming system: If you are into video games, you will purchase a gaming system to use. These can cost anywhere from a couple hundred dollars on up. You will also likely buy a number of these over your lifetime as the systems improve.

Games: If you purchase a gaming system, you will also need to purchase or rent games to play on that system. This can get quite costly, as most people want a variety of different games to play. It can easily run more than \$100 a month if you purchase multiple games.

Energy: You will need to pay for the electricity to run the TV and other related electronics. This will vary greatly, depending on the type of TV you have and how much energy costs where you live, but it will likely be a minimum of \$10 a month and possibly much more.

Commercials: A huge hidden cost of TV that people never consider are all the commercials they watch. The commercials are there to get you to buy products -- and they are effective. Economist Juliet Schor estimated that for every hour of TV a person watches each week, he or she will increase his or her annual spending by about \$200, according to a 1999 article in the Spokane, Wash., Spokesman-Review. In 2005, Nielsen Media Research reported that the average person watched approximately 4.5 hours of TV a day, or 31.5 hours a week. At \$200 in extra spending for each hour watched, that means that the average person spends an extra \$6,300 a year due to TV commercials that they wouldn't have spent if they didn't watch TV.

Opportunity costs: Another cost often overlooked when considering the price of watching TV is the opportunities forfeited when you choose viewing over something else. You could start a business, take on a part-time job or take care of your garden so you don't have to pay someone else to do it. Assuming that your time is worth at least the minimum wage of \$5.85 per hour, your opportunity cost is \$737 a month if you view the average amount of TV.

So what does this all add up to? Say you're 25 years old and you initially spend \$2,000 for your TV, DVD player, entertainment cabinet and gaming system after getting your first job. Add in monthly costs of \$100 for cable, \$10 for electricity use, \$20 for renting movies, \$25 for buying games and \$20 for an occasional pay-per-view event, and you're looking at \$175 a month. Add in another \$525 a month extra you spend due to the influence of commercials if you are the average person, and you are costing yourself \$700 a month watching TV.

If you instead invested this money and received a return of 8% compounded annually over 45 years until you're 70 years old, you would have more than \$3.7 million in your account.

That is actually a conservative number, as additional upgrades in equipment were not included. Not to mention potential repair costs. It's also more than likely that many of the services will rise in price over time and new TV-related services will be introduced. And

the calculation does not even take into account the potential additional opportunity cost, which could be a significant amount of money.

Your actual lifetime TV costs will vary from the above assumptions depending on how you watch TV and what services you use. You can make an estimate of your total costs for watching TV by plugging the relevant numbers into a basic compounding calculator.

While it's probably unrealistic that you will give up your TV entirely, the above numbers should make you consider how much money your TV-watching habits are costing you. Even some small changes could have a huge benefit on your overall finances.