

QUITTING SMOKING

The High Cost of Smoking

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by Hilary Smith*

These days, smoking can even cost you your job, not to mention the expense of cigarettes, dry cleaning and insurance. But a 40 year old pack a day smoker who quits and puts the savings into a 401(k) earning 9% a year will have \$250,000.00 by age 70.

If the threat of cancer can't convince you to quit smoking, maybe the prospect of poverty will.

The financial consequences of lighting up stretch far beyond the cost of a pack of cigarettes. Smokers pay more for insurance and lose money on the resale value of their cars and homes. They spend extra on dry cleaning and teeth cleaning. Long term, they earn less and receive less in pension and Social Security benefits. And now, being a smoker can not only mean you don't get hired - you can get fired, too: Weyco Inc., a medical benefits administrator in Okemos, Mich., after announcing it would no longer employ smokers, fired four employees who refused to submit to a breath test.

The American Civil Liberties Union's (ACLU) National Workrights Institute estimates that more than 6,000 companies refuse to hire smokers. A few examples:

- ▶ Kalamazoo Valley Community College in Michigan stopped hiring smokers for full time positions at both its Michigan campuses;
- ▶ Alaska Airlines, based in Washington State, requires a nicotine test before hiring people;
- ▶ The Tacoma-Pierce County (Washington) Health Department has applicants sign an "affidavit of non-tobacco use;"
- ▶ Union Pacific won't hire smokers;
- ▶ Montgomery County, Pennsylvania, tries to cut healthcare costs by refusing to hire smokers.

The costs don't stop with your paycheck. New CDC figures assert that smokers cost the economy nearly \$94 billion yearly in lost productivity. An additional \$89 billion is estimated spent on public and private healthcare combined. The Campaign for Tobacco-Free Kids Taxpayers says each American household spends \$596 a year in federal and state taxes due to smoking.

Some of these numbers are disputed, however, by the Bureau of National Affairs which says 95% of companies banning smoking report no financial

savings and the U.S. Chamber of Commerce which finds no connection between smoking and absenteeism.

Start with the obvious

According to the Campaign for Tobacco-Free Kids, the cost of a pack averages \$4.32, with the highest prices in Maine (\$6.46) and New Jersey (\$6.06) and the lowest in Missouri (\$3.33).

Using this number, a pack a day smoker burns through about \$30.24 per week, or nearly \$1,600 per year. That's a fat house payment or a nice vacation with the family. A 40 year old who quits smoking and puts the savings into a 401(k) earning 9% a year would have an extra \$250,000 by age 70.

But only you know exactly how much you pay and how often. Plug your yearly tally into MSN's [Savings Calculator](#) and see what it'll cost you over the coming decades.

The one place many smokers feel free and comfortable to light up is in their car. Without consistent and thorough cleanings, however, a car that is smoked in will soon start to resemble an ashtray on wheels. The interior will inevitably smell like smoke, and stray ashes and butts can burn holes in the upholstery and floor mats.

None of these things has much financial impact until you try to sell the car. Figure a minimum of \$150 for a good cleaning with an extractor.

On a trade-in, dealers can easily knock off more than \$1,000 on higher end vehicles like vans, SUVs and expensive sport types. Terry Cooper, a car dealer with seven new and used car stores, says he took a 1999 Porsche 911 Cabriolet in on trade for \$37,000. That sounds OK, but the previous owner could have fetched \$40,000 for it had he not "smoked out" the car's interior.

The criteria that apply to cars apply to homes as well, only on a bigger scale.

Smokers' houses often require all new paint and/or wall treatments, as well as professional drapery and carpet cleaning. According to Contractors.com, priming and painting an average size living room, dining room and two bedrooms would cost around \$2,100. The Carpet Buying Handbook puts the average cleaning cost per square foot at 28 cents, and the average home has 1,000 square feet of carpet. That's \$280. Add \$55 to clean a typical sofa and \$25 for a chair, says Diversified Carpet in San Diego.

Walt Molony with the National Association of Realtors says that "certainly the smell of cigarettes can be a turn off to potential buyers," but he also notes that it is less of a problem in tight housing markets.

The insurers weigh in, and they're not happy

We pulled some online quotes on 20 year term life insurance (a \$500,000 policy) for a healthy 44 year old male through BudgetLife.com. The range for a non-smoker was \$695 to \$ 2,250 in premiums per year; for someone smoking a pack a day, the prices skyrocketed to as much as \$4,495 per year.

The difference in health insurance isn't as dramatic. According to eHealthInsurance.com, the monthly premium for a policy from Regence Blue Shield with a \$1,500 deductible for a 44 year old male nonsmoker is \$198. The same policy for a smoker is \$229 per month. He will pay nearly \$372 more per year.

A few state governments also charge their employees extra for health insurance if they smoke, and others are gradually joining the trend. West Virginia, Georgia, Kentucky and Alabama charge state employees who smoke a surcharge; in Georgia, for example, that surcharge is an additional \$40 per month.

According to the ACLU, a majority of states do not have a state law preventing employers from discriminating against potential and current employees based on non-work related activities. There are at least 21 states that do have laws that protect smokers, including Colorado and North Dakota, which ban discrimination based on any form of legal, off duty behavior.

When shopping for homeowners insurance, nonsmokers can generally expect to receive a minimum 10% discount, according to Ray Neumiller, an agent with Farmer's Insurance in Seattle.

The insurer's point of view: Smokers burn down houses.

The most common homeowners insurance policies range from approximately \$290 to \$900 per year, depending on the home's location. With the discount, a non-smoker would realize savings of at least \$30, but most likely more.

Benefits unclaimed, wages lost

Few people set out to cut their life short, but smokers greatly increase their chances of dying sooner than nonsmokers. In his book, "The Price of Smoking," Frank A. Sloan, director of the Center for Health Policy, Law and Management at Duke University in Durham, N.C., details the financial impact of a shorter life span on retirement benefits.

"Smokers, due to higher mortality rates, obtained lower lifetime benefits compared to never smokers, even after accounting for their smoking-related lower lifetime contributions," the research says.

Sloan and his colleagues found the effects of smoking on lifetime Social Security benefits were \$1,519 for 24 year old female smokers and \$6,549 for 24 year old male smokers. Essentially this is money paid into Social Security but

never collected because the beneficiary died prematurely of a smoking related illness.

"You could be paying into Social Security year after year, and if you die at 66 because you're a smoker, it's money down the drain," says Sloan.

Numerous studies find that smokers earn anywhere from 4% to 11% less than nonsmokers. It's not just a loss of productivity to smoke breaks and poorer health that takes a financial toll, researchers theorize; smokers are perceived to be less attractive and successful as well.

Keeping up appearances

Bad breath, yellow teeth and smelly clothes are just a few of the personal side effects of smoking, and all cost money to correct.

An extra pack of mints or gum a week adds up to about \$50 per year. Need your teeth whitened once a year? Brite Smile, which has offices across the country, retails its service for around \$600. Most professional grade teeth whitening products retail for a minimum of \$200.

Dry cleaning bills are likely to be higher also. Clean that suit one extra time a month at a cost of \$12 and there goes another \$144.