

7 types of middlemen who can save you money

By [Deborah Abrams Kaplan](#) • Bankrate.com

Middlemen can save you money



Marina Krakovsky, author of "The Middleman Economy: How Brokers, Agents, Dealers, and Everyday Matchmakers Create Value and Profit"

On the Internet, finding deals is easy with the click of a button, though purchasing directly isn't always the cheapest way to go. Hiring a service where a middleman gets a cut can sometimes save you money as the buyer or make you extra money as the seller.

"It's a naïve notion that middlemen take a big slice of the pie," says Marina Krakovsky, author of "The Middleman Economy: How Brokers, Agents, Dealers, and Everyday Matchmakers Create Value and Profit." While they may take a commission or charge a fee, "the good ones increase the size of the pie," she said.

The more that's at stake, the better the reason to hire a middleman, Krakovsky says. A high ticket purchase like a house, car or vacation abroad requires a lot of research to maximize savings and get the best deal.

"There's an opportunity cost to doing it yourself," she says, and a middleman can more quickly identify value and quality.

Here are 7 types of middlemen that can save you money.



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Travel agent

Travel agents can save you time, money and potential hassles, especially for expensive trips to places you're unfamiliar with. Even if city information is available online, "it would take you a really long time to become an expert," Krakovsky says. The agent can match the information to your needs much more quickly than you can, booking hotels and an itinerary.

While Elana Feinsmith of Sunnyvale, California, normally doesn't use a travel agent for domestic plane trips, she contacted one when researching a trip from California to Florida because she had trouble finding reasonable flight times and fares.

Her travel agent booked them good flight times, connecting through another city for \$600 less than flights Feinsmith found online. Even with a \$25-per-ticket travel agent booking fee, Feinsmith still saved \$500. Agents booking international flights typically get their commission from the airline instead. When booking international flights for a different trip, Feinsmith says her agent found her flights that weren't available to the public, again saving her money and making the planning process easier.



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Real estate agents

Anybody can post a picture and put up a for-sale sign, but Realtors have more information available, making the selling process more efficient for them, Krakovsky says.

"It's exposure that will sell a house and there's no possible way a homeowner can compete on the level of a large real estate corporation," said Laurie Kennedy, a Realtor with Coldwell Banker in New Jersey.

"With 92% of all homebuyers using the Internet to search for homes, it's imperative that you have a high level of exposure on not only the top 10 real estate websites, but on websites that only real estate companies have access to," she says.

She added that many buyers also come through relocation companies, and owners representing themselves miss this segment of buyers.

Real estate agents offer clients a variety of services for their commission. "There's a huge range in what one will do versus another," Krakovsky says. A Realtor should guide you through the complex process of buying or selling a house, making it simpler.



Jennie Krausse, owner of Estate Sales Help

Consignment shop or estate sale manager

If you're trying to sell items like a used camera, vintage clothing or a musical instrument, you're better off taking them to a reputable dealer who sells on consignment rather than selling them yourself on Craigslist, author Krakovsky says. "You'll probably only get 60% to 70% of the final sale price. However, the final sale prices are usually higher selling it through a dealer."

The same goes for an estate sale. "The old adage that 50% of a dollar is more than 100% of a nickel is a perfect example of why an estate company would bring the family more money running a professional sale than they would realize doing it themselves," says Jennie Krausse, owner of Estate Sales Help in Sacramento, California. "It's not unusual for a family to sell a valuable antique or collectible for pennies on the dollar.

"Hopefully, if you hire a seasoned professional, you'll get what you pay for and come out ahead," Krause says. A respected liquidator or estate sale manager also advertises heavily and has a large following of buyers.



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Event planner

While an event planner may be able to get you a better price from vendors, it's more likely they'll get you more bang for the buck, like add-on services or goods, for the same price, Krakovsky says.

"They help you make better choices," she said, since event planners know the value and quality that different vendors provide. An event planner's role is also to get the best service from the vendors, and that's not something that's easy to quantify. There's an incentive for the vendors to do a great job. After all, the event planner won't recommend them to clients if the service is lousy.

"She's keeping those vendors more accountable because they know she's in a much stronger position to send business their way in the future," Krakovsky says.

While event planners charge fees, you get their expertise, saving time and decreasing the hassle during an already stressful situation, she says.



Rudi Thun, Roadster chief operating officer

Auto broker

About 90% of consumers want car shopping to be easier, and they'd be more excited about purchasing with a trusted set price, rather than a haggled price, according to an Edmunds survey.

Enter the middleman car broker.

Those using Costco Auto Program bought almost 400,000 cars in 2014. Costco-affiliated dealers give car-shopping members a printed discounted price, often up to \$1,000 off the list or invoice price. By working with Costco, dealers sell a larger volume of cars with less sales effort, Krakovsky says.

"Haggling is time-consuming. It takes up a lot of the salesperson's time," she says. Plus, dealers save money on lead generation because Costco sends them serious buyers. For buyers, the shopping process is faster and easier with an auto broker, and they save money.

While there are no fees to use Costco's program, other brokers like Roadster charge \$295 on final sale. "For that \$295, customers can save several thousand dollars on the price of their new car, the price they receive for their trade-in and the rate they pay on their financing, not to mention the stress and time savings," says Rudi Thun, Roadster chief operating officer.



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College adviser

With more than 3,000 4-year colleges (and another 1,700 2-year colleges) in the U.S., choosing a school that's right for your child is a monumental decision.

A college adviser like Adam Metsch, president of College Advisor of New England, provides a package of services for \$1,600-\$3,600. Those fees might sound hefty, but a credentialed adviser can assist in managing the financial aid process, getting the family more loans than they'd get on their own and pointing them to academic scholarships, he says.

By helping students choose a school that's a good fit, there's less chance of the student dropping out or transferring, resulting in lost credits and repeated classes. As many as 1 in 3 freshman don't return for their second year, according to U.S. News & World Report.

"You're flirting with a \$250,000 expenditure based on a lot of emotion and disorganization," Metsch says. "Kids don't know what they want, and parents don't know what they don't know."



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Medicare broker

For those using Medicare health insurance, figuring out whether to enroll in Medicare Advantage and/or Medicare Part D drug coverage can be confusing.

What's even more difficult is choosing the best of the almost 2,000 Medicare Advantage plans for their needs. And there are 886 stand-alone Medicare Part D prescription plans for 2016. Plans can change yearly, so the choices are made annually.

For her book, Krakovsky spoke with one Medicare enrollee who uses a broker to help find a plan each year, given price and health considerations. "There are so many options in this complex program, especially with prescription drug benefits, that you really need an expert's help," she says.

Those seeking insurance don't pay the agent or broker a fee. Rather, the insurance company pays the commission for each policy sold. As with other middlemen, agents and brokers use their expertise to save clients time and money, and in this case must be state-licensed.

Read more: <http://www.bankrate.com/finance/smart-spending/middlemen->

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