

AI TOOLS

Tokens Are Not Free: How to Use AI Without Wasting Money

By Mahesh Ramanujam, FCA · March 28, 2026 · promptedgrad.com/tokens-are-not-free-how-to-use-ai-without-wasting-money/

Key Points

1

Tokens are the units AI uses to measure text — roughly 1 token per 0.75 words. Every query costs tokens, and paid plans have limits.

2

The free tier is generous enough for most graduate use cases if used efficiently. Wasteful prompting burns through limits fast.

3

Common token waste: pasting entire documents when a summary suffices, repeating context AI already has, and asking multiple questions in separate chats.

4

Efficient prompting: be specific upfront, combine related questions in one prompt, and start new chats only when the context genuinely changes.

5

For long documents: summarise first, then ask questions about the summary. Do not paste 50 pages when 2 pages of key points will do.

6

Claude and ChatGPT free tiers reset daily or monthly. Plan heavy tasks around reset cycles if you are on a free plan.

Key Takeaway

AI is free until it is not. Understanding how it costs money helps you get more value from the free tier — indefinitely.

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