



Money Zone: Saving

Just for You: Start Your Savings Program

Let's see where you stand on the whole savings issue. How many of these items can you check off?

- I pay off my credit card balances each month.
- I have an emergency fund.
- I set goals and make plans to save for large purchases.
- I have an automatic payroll deduction from my paycheck to a savings or retirement account.
- I increase my savings when I receive a raise.

The more items you chose, the better your savings habits! You go, girl! :)

To start your savings program, it is better to save something rather than nothing -- but your ultimate goal is to save at least 10 percent of your income. Your savings should go toward your goals, in this order:

1. Pay down existing credit card debt.
2. Set aside an emergency fund.
3. Longer-term goals, such as taking a vacation, buying a new car, getting a new house, saving for retirement, etc.

Let's see if you're on track with this savings plan. Here we go!

First, you need to know how much you are earning. Get your pay stubs, tax return, or whatever else you need to find a good number for the amount of money that you bring in each month, before taxes. If it's an annual number, convert it to monthly. If it's weekly, convert it to monthly by multiplying by 4.33. If bi-weekly, convert it to monthly by multiplying by 2.17. If your income varies, make a conservative estimate of what you average each month.

Income _____
x 10 %
Equals ultimate savings goal _____
What can you save this month? _____

Your ultimate savings goal may not be achievable for you at present. Figure out what you think you can save, and then stretch to exceed it each month. Post your savings goal where you can see it. Every time you put money toward one of your goals, such as paying down debt, your emergency fund, or your longer-term goal fund, write down the amount on the same sheet. At the end of the month, add up your total savings. How did it compare with what you said you were going to save? Now, create a new sheet for the next month.



Try to meet or beat your savings number each month. Can you increase the amount you promise to save by even a few dollars? Challenge yourself. As you increase your savings goals over the months, you will be on your way to becoming a Money Star. :)

By the way, we've found a cool program to encourage you to stay with your savings goals. It's a free program called the American Saver, sponsored by the non-profit Consumer Federation of America. You can become an American Saver through the website www.AmericaSaves.org, and join thousands who have committed to saving and improving their financial lives.

(Of course, it's free and non-fattening, and they are non-profit, just like us, so they won't try to sell you anything. :)

American Savers get this neat stuff:

- Information about saving and building wealth.
- A free annual subscription to American Saver, a quarterly newsletter.
- At your request, free (that's no cost, folks) advice over the phone from financial planners.

When you sign up, indicate the savings goal you have committed to in this exercise, and tell them where you plan to save. You are still in charge of your own savings plan. America Saves can provide advice and encouragement-and we all need as much of that as we can get! :)