



FAMILY FINANCIAL MANAGEMENT

Valuing People | Valuing Money

Managing in Tough Times

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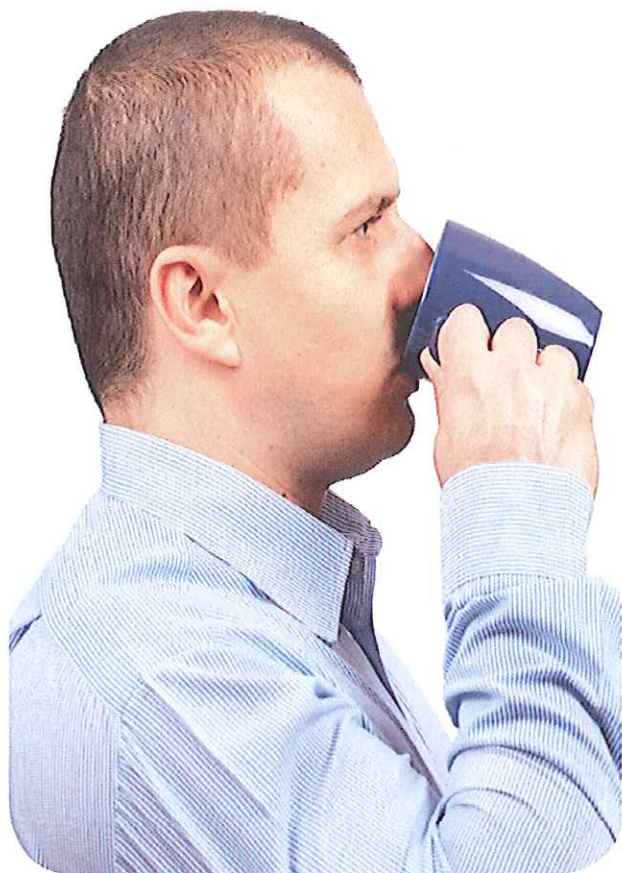
MARCH 2011

THIS MONTH'S TOPIC: SAVING

Many of us are interested in saving more but we are not certain how to get started. To find new ways to save, check out these tips from Kentucky Saves!

- Take advantage of discounts or incentive programs provided through your employer. Many companies offer discounted rates for computers, fitness center memberships, movie tickets, hotels, cellular services, and more. Talk to your human resources representative to see what perks your company offers.

- Premium coffee drinks are popular but are they really worth the money? Try substituting regular coffee for high-cost drinks. According to *America Saves*, saving \$2 a day by buying coffee rather than a cappuccino or latte would, over a year, allow you to completely fund a \$500 emergency fund. So, wake up and smell the coffee!



*Saving Tips Prepared By: Barbara O'Neil, Rutgers University; Jennifer Hunter and Nichole Huff, University of Kentucky

Source: *America Saves* www.americasaves.org

Contact your county extension office to enroll as a *Kentucky Saver*.

Put Your Savings to Work

- Are you a homeowner? If so, it pays to be on the lookout for lower mortgage rates. The *America Saves* program suggests refinancing your mortgage to lower the interest rate and/or loan term. You will accumulate home equity more rapidly, thus increasing your ability to cover large emergency expenditures.
- The best investment most borrowers can make is to pay off consumer debt that has double-digit interest. For example, if you have a \$3,000 credit card balance at 18% and pay 3% minimum payments, it will take 14 years to pay it off. Add in accumulating interest, and you will pay \$5,625 in interest charges!



- One relatively painless way to save is to automate your savings plan. To do this, simply have your bank or brokerage company take money directly out of your checking account or paycheck and place it in a savings or investment account.
- Get to know your bank! Take time to research the services your bank provides, such as overdraft protection, online bill-pay, or mobile alerts, which notify you via a text message if your checking account falls below a certain amount. Also, consider going online to get 24-hour access to your accounts.

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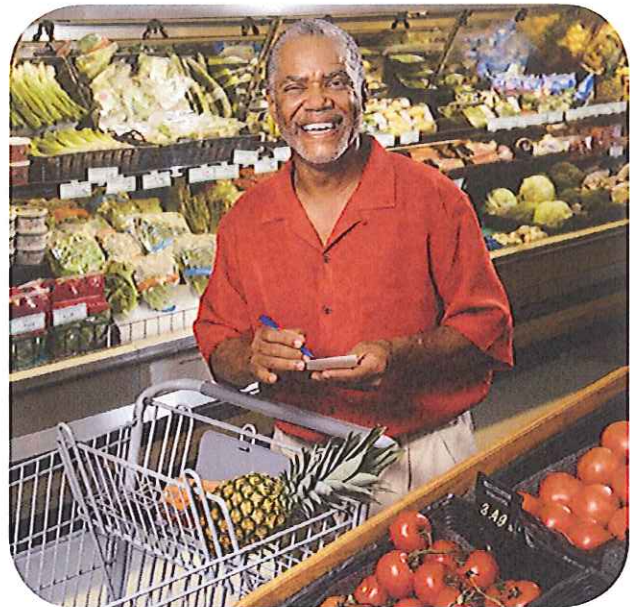


Think over each expensive purchase for at least 24 hours.

Saving At the Store

- Are you an impulse shopper? The *America Saves* program urges consumers to stop purchasing expensive items on impulse. Instead, think over each expensive purchase for at least 24 hours. Acting on this principle will help you have far fewer regrets about impulse purchases, and far more money for emergency savings.
- Indulgences can put a dent in your finances. According to *America Saves*, one way to establish a savings discipline is to “save” an amount equal to whatever is spent on nonessential indulgences. Put a matching amount in a cookie jar each time you splurge on beer, wine, cigarettes, designer coffee, etc. If you can’t afford to save the matching amount, you can’t afford the \$4 extra large low-fat mocha latte.
- How do folks find the money to save...and ultimately invest? By starting small, because every dollar counts. Try eliminating things that you can live without and changing spending habits. An example is brown bagging a lunch to work one or two days a week instead of eating out.

- Make a list before you grocery shop—and stick to it. The *America Saves* program suggests that people who shop with a list, and buy little else, spend much less money than those who decide what to buy when they get to the supermarket.



- One household expense where significant savings can often be found is the family food bill. The next time you go food shopping, take a good look at what’s in the cart before checking out. Are there expensive snacks or convenience foods that you can do without? Are you comparing the cost of store and manufacturer’s brands and taking advantage of coupons and special promotions?

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Building an Emergency Fund

- Do you know how much money is in your bank account? *America Saves* urges you to avoid overdraft fees by keeping track of your spending. The \$20 to \$40 you could save monthly by not bouncing checks or overdrawing your account could equal enough money to nearly fully fund a \$500 emergency savings account.
- At the end of every week (or more often), empty out your pockets and wallet and put the change in a jar. Every other week or once a month, deposit the change in your savings account. Studies show that over three-quarters of Americans have a stash of loose change and over half of Americans add to it regularly.
- Saving a portion of your tax refund is a good way to prepare for life's unexpected events. When you get your tax refund this year, save at least half of it for unplanned household expenses (holidays, tuition, water bills, home maintenance), emergencies, and/or future financial goals.

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Source: *America Saves* www.americasaves.org

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