Savings Goals

You may be asking yourself why there is so much pressure to save money. If you have enough to pay for everything you need, why should you worry about putting any aside each month?

There are many reasons to build your savings. Based on your stage in life, your reason to save may be different than your neighbor's. Consider these reasons.

- **Save for emergency funds:** It is important to have an emergency fund set aside to cover unexpected expenses. This could cover an unexpected car repair, medical procedures, or job loss. Ideally your emergency fund should include about three to six months of your expenses.
- **Save for a down payment for a house:** When you have a significant down payment towards your home, you may be able to avoid paying private mortgage insurance (PMI). This will save you thousands of dollars in the long run. Plus, you can shorten your loan term, and possibly afford a bigger home.
- **Save for a vacation and other luxury items:** Have some fun! Save up for a trip to the Caribbean, an adventurous safari, a Playstation® 3, or a new boat. By saving ahead of time, you won't have to pay off your trip to the Caribbean for the next five years.
- **Save for a new car:** Try to make your next car purchase with cash. You will be amazed at how much money you can free up in your budget if you do not always have a car payment. You can also negotiate a lower car price if you are willing to pay cash at the dealership.
- **Save for education:** Tuition costs are rising, and so are student-loan debt levels. Saving for your education or your children's education is a wise idea. By having money saved in advance, you can significantly reduce the amount that must be borrowed later.
- **Save for retirement:** The sooner you start saving for retirement, the less you will have to save in the future. Put your money to work for you. As you continue to contribute over time, you will be earning more interest on the money you have. If your employer has a company match plan, you should be contributing at least up to that level. Eventually you will want to contribute 10 to 15 percent of your gross income.

35 WAYS TO GROW YOUR SAVINGS:

1. Pay off credit-card debt.
2. Always shop with a list.
3. Shop at discount stores.
4. Never shop hungry.
5. Use the Internet to compare prices.
6. Negotiate whenever you can.
7. Wash your own car.
8. Forget brand names and buy generic.
9. Clip coupons, keep them organized, and USE them.
10. Negotiate lower rates on your credit cards.
11. Eliminate late fees.
12. Eliminate annual credit-card fees.
13. Drop premium cable channels.
14. Shop around for insurance quotes.
15. Increase your insurance deductibles.
16. Carpool.
17. Eat out half as much.
18. Cut back on expensive coffees.
19. Rent movies instead of going to or buying them.
20. Kick your soda addiction.
21. Cancel extra magazine & newspaper subscriptions.
22. Drink water at restaurants.
23. Examine your bills for mistakes.
24. Get on the right cell-phone plan.
25. Lower your thermostat two to four degrees.
26. Use discount websites to book travel, hotels, and car rentals.
27. Avoid impulse buys.
28. Drive slower and save gas.
29. Take your lunch to work.
30. Cancel memberships you don't use.
31. Share tools with neighbors instead of buying new ones.
32. Shut vents in unused rooms.
33. Agree to limit gift giving.
34. Improve your credit score.
35. **PAY YOURSELF FIRST!**

“When Should I Start Saving?”

You might think there’s a “right” age to begin investing. The truth is, you should begin saving for retirement as soon as you can. That’s because the sooner you begin saving, the more time your money has to grow. Your money will compound, meaning the interest generated each year will generate its own gains the next year. This is a powerful concept that will help your money grow faster, and the earlier you begin to save, the more you’ll earn–for less.

Consider this example:

At age 25, Person A puts aside $3,000 a year in a tax-deferred retirement account for 10 years—and then stops saving. By the time Person A reaches 65, the $30,000 investment will have grown to more than $472,000, (assuming an 8% annual return), even though he/she didn’t contribute a dime beyond age 35.

Person B puts off saving until age 35, and then saves $3,000 a year for 30 years. By age 65, $90,000 of his/her own money has been set aside, but it will grow to only about $367,000, assuming the same 8% annual return. Person B has $105,000 LESS than Person A, and has contributed $60,000 MORE than Person A.

This is a hypothetical example and is not representative of any specific situation. Your results will no doubt vary.

To help set the course for your own savings, complete the worksheet below. The first item on the list is intended to serve as an example.

ITEM TO SAVE FOR	AMOUNT REQUIRED	TIME FRAME	MONTHLY CONTRIBUTION
Emergency Funds	$5,000	2 years	$200
Emergency Funds			
House Down Payment			
Vacation			
Luxury Item			
Car			
Education			
Retirement			
Other:			

Your monthly surplus cash can be rerouted into savings. Put away money specifically for short term goals—such as a weekend getaway—as well as long term goals that could include a new home, college, or retirement. The more targeted your goals the more likely you are to achieve them.

Use the worksheets on the following page to start a savings plan.

SAVINGS GOALS

SHORT TERM SAVINGS (1-4 weeks)

The more targeted your goals the more likely you are to achieve them.

GOAL: **ESTIMATED COST: $**

Date:	Source:	Amount Saved $
Date:	Source:	Amount Saved $
Date:	Source:	Amount Saved $
Date:	Source:	Amount Saved $
Date:	Source:	Amount Saved $
Date:	Source:	Amount Saved $
Date:	Source:	Amount Saved $

$ **TOTAL SAVED**

LONG TERM SAVINGS (more than 1 year)

Estimate the dates you can set money aside, where it will come from, and how much it will be until you have reached your targeted goal. Having the plan down on paper makes it easier to "pay yourself first."

GOAL: **ESTIMATED COST: $**

Date:	Source:	Amount to Save $
Date:	Source:	Amount to Save $
Date:	Source:	Amount to Save $
Date:	Source:	Amount to Save $
Date:	Source:	Amount to Save $
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Date:	Source:	Amount to Save $

$ **TOTAL SAVED**

An accurate understanding of your financial well-being is important at every stage of life.
So, whether you are a student or a parent, young or old—an assessment of your personal financial health is important in order to make good financial decisions. For example, purchasing a car or a home, taking out a student loan, liquidating an investment or making a risky one—all these decisions can be made wisely only if you know your financial status. And since the value of your assets and debts is likely to change over time, you should reevaluate your financial health any time you make an important financial decision. Additionally, you need to consider factors like current and future income levels, future liabilities, etc.

Assets (What you own)

CASH	VALUE
Cash on Hand	
Checking Accounts	
Savings Accounts	
Money Market Funds	
Cash Value of Life Insurance	
Insurance	
Other	
REAL ESTATE/PROPERTY:	
Home	
Land	
Other	
INVESTMENTS (MARKET VALUE):	
Certificates of Deposit	
Stocks & Bonds	
Mutual Funds	
Annuities	
IRAs	
401(k)/403(b)/457 Plans	
Pension Plans	
Other	
PERSONAL PROPERTY (PRESENT VALUE):	
Automobile	
Automobile	
Automobile	
Recreational Vehicle/Boat	
Home Furnishings	
Appliances and Furniture	
Collections	
Jewelry and Furs	
Other	
Total Assets	

Liabilities (What you owe)

CURRENT DEBTS	BALANCE	MONTHLY PAYMENT	INTEREST RATE	LEFT TO PAY
Credit Card				
Credit Card				
Credit Card				
Credit Card				
Credit Card				
Medical				
Legal				
Back Taxes				
Other				
MORTGAGES:				
First Mortgage				
Second Mortgage				
Home Equity Loan				
Land Loan				
Other				
LOANS:				
Automobile				
Automobile				
Automobile				
Recreational Vehicle/Boat				
Education				
Personal (financial institution)				
Personal (family or friends)				
Jewelry and Furs				
Other				
Total Liabilities				

Total Assets – Total Liabilities = Net Worth $