

Developing a Savings “Game Plan”



COLORADO SAVER

Eunice Diaz, a teacher in Colorado Springs, had been noticing a pattern. Despite the fact that she and her husband were “making good money,” they were spending their entire earnings and “were still struggling at the

end of the month.”

So, when Diaz saw an America Saves article about “paying yourself first,” she decided to make some changes.

Diaz went online and, through the America Saves website, found Colorado Saves. After enrolling as a

It’s not how much you make, it’s how much you keep.”

— Eunice Diaz, Colorado Saver

Saver, Diaz got started saving by purchasing a certificate of deposit that carried a penalty for early withdrawals. As someone would empty her savings to pay for non-emergencies, it was exactly the sort of product she needed.

Diaz also entered a Colorado Saves contest and won the services of a financial planner for one year, for free. “I think I put in the best plea for help,” Diaz joked.

Working with a financial planner from Money Management International, the non-profit organization that leads Colorado Saves, the couple started off by assessing their finances. The couple saw they “didn’t have a game plan,” said Diaz. “If we kept spending the way we had been, we would be poor, we would never have savings.”

The Diaz’s were over \$30,000 in debt, the majority of which stemmed from the purchase of a vacation time-share that they now admit was a “big mistake.” They began a classic debt reduction strategy, putting all their financial efforts into paying down the highest-interest debt while making minimum payments on lower-interest debts.

Diaz was also given the task of creating a monthly budget. After tracking their spending to see where the money was going, they realized that, “The reason we were struggling was our lifestyle. We liked to go out with friends, go to the movies, play pool. We would spend all the money we wanted,” she said.

Now, she and her husband are learning how to have fun and spend less, by renting movies and cutting back on dinners out. “I’m not going to lie, it’s difficult to stick to it,” she said. “I don’t want to sacrifice my whole life and be the only one at home while everyone else is out. So we compromise.”

The couple has also made major strides toward their top long-term goal, to retire comfortably, by opening and setting up automatic payments into Roth IRAs and 401(k)s.

Diaz’s advice for other savers is to think about savings “not in terms of how much you make, but how much you keep”, adding that “sometimes that means putting off what you could have today, to make sure you have something later on.” ●●●

CAMPAIGNNEWS

New Themes, Resources Promote Year-Round Saving

In order to spotlight different aspects of saving, the America Saves campaign has begun focusing on new savings themes every three months. The themes are designed to reinforce core principles, provide in-depth information on certain topics, and increase savings activity.

For 2009, the themes are as follows:

- The Basics of Successful Saving
- Helping Children and Youth Develop the Savings Habit
- Reducing Your Debt
- Planning for Retirement

The campaign has developed – or is developing – resource packets based on the topics listed above and is making that material available to other organizations

and campaign partners for their use. The packets are provided to the campaign’s network of more than 500 groups, which include local campaigns, government agencies, financial institutions, major employers, and other non-profits, among many others.

Typical resource packets include posters and/or flyers, ideas for financial products, sample press materials, and sample emails that can be sent to employees or members. Other materials help explain and promote the topic.

Partners are encouraged to use the material to augment the information they already provide, educate constituents, members, staff or volunteers, and

promote savings opportunities.

“Experts tell us that the most effective way to improve savings behavior is to provide both the motivation to change and an opportunity to do so,” said Nancy Register, director of America Saves. “Furthermore, the most effective efforts keep up a ‘drumbeat’ of information and deliver the message and opportunity over and over. That’s what we’re aiming to do each quarter with these themes and resources.”

Find more information and resources on www.AmericaSaves.org. ●●●

Family Wealth facts

Top Personal Economic Concerns

Job Situation	42%
Rising Prices	29%
Financial Markets	15%
Real Estate Values	8%

Source: Pew Research Center for the People and the Press, June 19, 2009

Coping With Consumer Debt

As unemployment and underemployment rates rise, millions of Americans have lost income and are having greater difficulty making consumer debt payments. Moreover, tens of millions of Americans are worried about losing income and being unable to make these payments. Here are tips for coping with debt.

Avoid Debt When Possible

Most importantly, think twice before adding debt.

- For regular expenses, either use your credit card as a charge card, paying off new balances in full every month, or use some other form of payment such as debit card, check, or cash. Remember that credit card debt tends to be expensive, especially for cardholders paying late payment fees and penalty interest rates, which can be as high as 35%.
- For larger purchases financed with an installment loan, keep the amount borrowed as low as possible by buying a less expensive product or even delaying purchase of the product. And remember to shop for a loan before making the purchase, making certain to call your bank or credit union, not just using store financing.
- Think twice before refinancing consumer debt with a home equity or second mortgage loan. While mortgage debt is usually less expensive than credit card debt, most of those who try to pay off their debts this way end up piling up large new credit card debt and end up even worse off. Instead, pay off existing debt, especially credit card and other high-cost loans, as quickly as possible.

Supplement Income or Cut Costs

- Look for additional income to make this possible. If additional work is not possible or practical, consider

measures such as renting or subletting part of your home and make certain you're taking full advantage of available government benefits such as Food Stamps.

- Be prepared to forego non-essential expenses, such as café lattes and premium cable channels, to have enough money to pay down these debts. Keep careful track of all expenditures to help you identify these expenses. Use strategies such as limiting the number of shopping trips and shopping with a list to discourage impulse spending.

Pay Off High Cost Debts First

- Pay off the most expensive debt first. Begin with payday and other high-cost loans that typically charge interest rates of 400-500%. Then work on credit card debt, especially that subject to 20-35% penalty interest rates.
- If you need assistance with debt repayment, contact your local nonprofit consumer credit counseling agency. They not only can advise you on budgeting but also can put you into a debt management plan in which most, if not all, of your creditors will accept lower monthly payments and may even reduce interest rates charged. To identify the counseling agency in your area, dial (800) 388-2227, or (800) 682-9832 for a Spanish speaking counselor. •••

Financial Market

facts

JUNE 2009

Money market account	0.39%
1-year CD	1.16%
5-year CD	2.18%

U.S. Savings Bonds

EE Bond	0.70%
I Bond	0.00%

Mortgage Rates

30-year fixed rate mortgage	5.80%
15-year fixed rate mortgage	5.16%
5-year adjustable mortgage	5.26%

Source: *The New York Times*, "DataBank," pg. BU 8, June 28, 2009 and www.savingsbond.gov, July 2, 2009.



A Quarter Saved... Is a Quarter Earned

No one knows better than Savers how to find the extra dollar here and quarter there that, over time, add up to substantial savings. Here are a few of their favorite savings tips.

Buy classic clothes that will stay in style.

Joshua Abel
Holyoke, MA

It pays to practice preventative dental care, since a good cleaning routine helps prevent fillings, root canals, and dental crowns, which are expensive and no fun.

Susanne Waits-Harris
Shelton, WA

Most people don't track what they spend and may not realize when expenses add up to more than their budget can handle. To keep track of what I spend, I put what I think I should spend for the month on transportation, food, entertainment, etc., into envelopes. This helps me avoid buying things I don't need, and what's left over goes into savings.

Aaron Jenkins
Crestview, FL

Buy gifts throughout the year instead of just near the holidays. It helps spread out the finances and you typically find better deals. My favorite time to shop is between Christmas and New Years, when many goods are reduced and are at better prices.

Jason and Heather Wheatley
Kettering, OH

If you are visiting a large amusement park or sporting event for a summer vacation, consider purchasing souvenirs at local discount outlets or big box stores before your trip. I was able to save \$20 on some items.

Danielle Fochs, Tucson, AZ

Plant a small patio garden using mini/hybrid plants. Start small with a few plants you know you'll eat, and add to the garden as you like.

Sadie Monterio
Chattanooga, TN



I borrowed an old cookbook from my mom, and when I'm in the mood for something new I'll try a recipe. We've found many budget meals that are easy and delicious.

Lynn Flock
Queen Creek, AZ

Working part time and earning very little makes saving difficult, yet I was serious about learning how to consistently save money. I began by directly depositing \$10 per month from my pay check into my savings account. I also save my coins and deposit them into my account as well. My goal is to purchase my first home and invest in my future. I am well on my way.

Janetta Pegues
Chicago, IL

Look into joining a local food co-op. These organizations use group buying power to purchase food at a savings and pass that savings on to members. Co-ops may also require members to donate time or other services.

Connie Frazier
Salt Lake City, UT



Send your savings tips to:

American Saver, c/o Consumer Federation of America
1620 Eye St., NW, Suite 200,
Washington, D.C. 20006.

If we select your tip for publication, we will send you a check for \$25 (the initial purchase price of a \$50 EE Savings Bond) and an application for a \$50 EE Savings Bond. We recommend purchasing a savings bond at a local bank or credit union. Please include your name, address, and phone number so we can contact you.

American Saver is the quarterly newsletter of the America Saves campaign, a national program to encourage and assist Americans to save and build wealth more effectively.

The campaign is coordinated by the non-profit Consumer Federation of America (CFA), supported by national foundations, and advised by dozens of non-profit, government, and business groups. A generous grant from Wachovia Bank supports the publication and distribution of the American Saver.

Questions about how to start a local savings campaign in your area should be directed to: Nancy Register, America Saves, c/o CFA, 1620 Eye St., NW, Suite 200 Washington, D.C. 20006; 202-387-6121 (phone); 202-265-7989 (fax); nregister@consumerfed.org.

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FOR REGULAR SAVINGS ADVICE AND DISCUSSION, FOLLOW AMERICA SAVES ON FACEBOOK.

NEWS FROM LOCAL CAMPAIGNS

In Ohio, **Akron Saves** held its first Roll Your Change Week this past winter. One credit union, Towpath FCU, took in over \$260,000 in coin deposits with 800 new accounts opened. Prior to the event, the Akron Beacon Journal publicized Towpath's participation and incentives offered to depositors, which helped to raise awareness of the opportunity among existing and new members alike.

Colorado Saves is continuing to offer a full year's worth of free financial planning to select Savers. Learn more by visiting www.ColoradoSaves.org and clicking on the "Lunch and Learn" series.

During the recent tax season, **DC Saves** along with partners and volunteers enrolled more than 300 new Savers at free tax preparation sites throughout the city. The campaign also kicked off a series of Financial Planning Clinics in June, where savers can meet one-on-one and free of

charge with certified financial planner professionals to create basic, personalized financial plans.

Kansas City Saves hosted a financial fair at a local mall this past spring, featuring financial education presentations and experts who offered free, personalized financial advice. Over 10,000 people were on hand for the event, and many signed up as Savers with the campaign. Meanwhile, the campaign staff is planning four events to be held in conjunction with the local YMCA this summer.

More than 40,000 people in Wisconsin's Northwoods area were reached through television, print media, and 31 banks and credit unions during Northwoods Saves Week. More than 550 new savings accounts were opened at participating banks and credit unions during the month of February, with total deposits of over \$450,000. **Northwoods Saves**

plans to continue its campaign by promoting weekly Wednesday and Monday radio broadcasts.

In Virginia, **Peninsula Saves** is planning an education roundtable in August. The day is designed to train current partners and recruit new ones for the campaign. "We're promising a terrific day for all who attend," said Johanna Hahn, campaign coordinator.

Utah Saves partnered with Utah Housing Coalition to host the first Utah Credit and Savings Help Expo (CA\$H Expo). Utah State Treasurer Richard Ellis helped promote the event by holding a press conference. The Expo included 45 classes on consumer, financial, and housing issues. It also featured several speakers, including a consumer journalist from the local CBS affiliate. Utah Saves plans to take the Expo across the state this fall. ●●●

Note: This is not an exhaustive list of the activities of all America Saves sites, but rather a sampling of activities from several of the local campaigns. For a more complete list of America Saves campaigns, be certain to visit our website at www.americasaves.org.

www.AmericaSaves.org

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