

# Be a Successful Saver!

## Make Savings a Habit and Do More than Make Ends Meet

### How do I start saving?

Creating a savings account is a rewarding experience that takes time and effort. Savings can help you cope with financial emergencies, achieve financial goals, and provide financial security for you and your family.

Here are some tips to help you get started:

- Start saving immediately!
- No amount is too small.
- Make saving a *habit*. Consider saving all loose change in a clear jar or container so that you can see your success and remain motivated to save more.
- Have a portion of your paycheck automatically deposited into a savings account at an insured bank or credit union. Savings accounts that have compounding interest will help you earn more over time.
- Find more money to save by tracking your spending. Save all receipts for a month and then add them up. You will quickly see where you can spend less, to save more.
- Know where your money is going. Create a spending plan or budget, and stick to it. Spending plans review income and expenses on a monthly basis and should include “savings”. Research recommends that you should save 10% of each paycheck. For a budget worksheet visit: [www.mimoneyhealth.org](http://www.mimoneyhealth.org).
- Reduce spending by routinely assessing your needs versus wants.
- Stretch your dollar by planning your purchases and comparison shopping.
- Track your savings. People who monitor their savings tend to save more.

### Jump start your savings

Consider the following to get your savings plan in motion:

- Participate in employer sponsored retirement savings plans. Some employers offer “matching” retirement programs which is *free* additional money.
- Save all or a portion of the following: tax returns, tax rebates, bonuses, overtime, monetary gifts, etc.
- Find out if you are eligible for free money, including: tax credits; or Individual Development Accounts (IDA’s), which are free “matching” saving programs, visit [www.cfed.org](http://www.cfed.org) to learn more.

### *Saving is a challenge for many!*

*In December 2013, the national Personal Saving Rate was 3.9 %, compared to 8.7% in December of 2012, as reported by the U.S Department of Commerce: Bureau of Economic Analysis.*

*In 2012, per the Michigan Survey, Michiganders reported the following: 38% spent as much as they earned, therefore breaking even; 19% spent more than they earned, which may have led to struggling to make ends meet; and 39% spent less than what they earned, which allowed them the opportunity to save.*





## Avoid Making Ends Meet

Start saving for your rainy day fund today. Research suggests that at a minimum, you should have an emergency savings account, or rainy day fund that would cover expenses for three to six months. Without these funds, you are more susceptible to decreased financial stability which can lead to the challenge of making ends meet. If you have to use your emergency savings, be sure to replace it as soon as possible, so that you have those resources for the next financial emergency.

In addition to an emergency savings account, it is also recommended that you have an emergency income savings account which would include 3 to 6 months (or longer) of income. This may take some time to develop, but you have a better chance of meeting your monthly expenses and credit obligations should your income be reduced or eliminated for any reason: i.e. downsizing, plant closing, injury, illness, etc.

Research shows that people with financial goals tend to be better savers. To increase the success of your financial goals, make sure that they are SMART goals. SMART goals are: Specific, Measureable, Attainable, Realistic and Time Sensitive. Financial goals can be short-term (6 months or less), medium-term goals (6-12 months) or long-term goals (1 year or more).

In a 2014 national saving survey conducted by America Saves and the American Savings Education Council, only four out of 10 households reported having a spending plan that allowed for sufficient saving. If over-spending is making it difficult to save, consider the following from behavioral finance researchers: think of spending as a “loss”, for many a slight gain means less than an actual loss; to reduce impulse shopping, wait a day or two before making a purchase; and consult a spouse/partner regarding desired spending, in many relationships one person is a saver and the other person is a spender so taking the time to communicate can help prevent overspending.

Free financial education is available to assist consumers with making money decisions, creating and managing a spending plan, saving and investing and credit use and paying off debt.

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