

SAVING MONEY -

A First Step Toward Financial Well-Being

One in a series of money-management articles offered by:
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"I have money. I can take care of it myself."

Have you ever wished you could say that to friends or relatives when you needed money?

In an emergency, have you ever run up your credit cards, borrowed from a finance company, or sold something at a loss?

Wouldn't it be great to be able to say "No!" to the high finance charges and unpleasant situations that arise when you are forced to depend on others for money?

When you can handle financial problems on your own, you can experience independence and pride.

A first step toward financial independence and self-sufficiency is setting aside money for yourself on a regular basis so that you will have it when you need it.

What About Inflation?

"What's the point of saving?" some argue. "Inflation rises more quickly than the earnings on my savings."

True. But when you need money in a hurry and you:

- don't qualify for a loan
- don't want to borrow from relatives or friends
- don't want to sell some of your property

what other source of instant cash or "liquid assets" do you have?

And while your savings may not have earned as much as you would like, does paying high interest rates on loans and credit cards help *fight* inflation?

Might it cost less to simply withdraw from a savings account and avoid adding a new monthly payment to your existing bills?

What Savings Can Do for You

Savings can help you:

- Move (deposit, first & last month's rent)
- Further your education
- Make a job or career change. They can fill the gap between the last paycheck on the *old* job and the first *full* paycheck on the *new* one
- Take a vacation

- Free yourself from the traps of credit cards; high finance charges & increasing monthly payments
- Handle emergencies (yours or someone else's)
- Pay for medical bills—deductibles & co-pays
- Make a down payment on a car, appliance, condominium, manufactured home, or a house
- Accumulate enough to invest in something that will pay you *more* than you earn on your checking account and regular savings
- Give you a cushion to fall back on in an unexpected situation
- Enable you to take advantage of opportunities
- Qualify for credit at *lower* rates. Savings demonstrate good money management, making you a better credit "risk"
- Establish credit: at Cal Feminist use savings as security or collateral for a *quick* loan and/or a discount on your lending rate
- Gain control over your own personal finances

How Much Should You Save?

At least 5-10% of your income *after* taxes. You can save weekly, semi-monthly, monthly, quarterly, or every time you receive income (see tables below and on page 2).

What about *total* savings? In case of an emergency or an interruption in your regular income, build up enough so that you could live on it for anywhere from 2 to 6 months, depending on the reliability of your income.

How Much to Save Every Week or Month

Net Income	If You Save 5% to 10% of Your After-Tax Income
\$ 100	\$5 to \$10
\$ 200	\$10 to \$20
\$ 300	\$15 to \$30
\$ 400	\$20 to \$40
\$ 500	\$25 to \$50
\$1,000	\$50 to \$100
\$2,000	\$100 to \$200
\$3,000	\$150 to \$300
\$4,000	\$200 to \$400
\$5,000	\$250 to \$500

(continued on page 2)

Save with a Goal in Mind

Even though you recognize the importance of saving, it can be difficult until you develop the habit of saving. Use goals to help you.

If you have a particular purchase in mind, save enough to cover the purchases itself, or at least a down payment. The larger the down payment, the smaller the finance charges (total interest) you'll pay on the loan or credit card.

You can start now to set aside money for *next* year's vacation. Pay now, fly later! Calculate the total cost, divide by 12, and save that much each month.

Pay Yourself First

You pay your bills. Why not do something for yourself, your future, and the future of those you love? Pay *yourself first* with regular savings deposits. Instead of *paying* interest on loans, you will be *earning* interest on savings.

What If You Have Never Saved Before?

You are not alone. But you *can* begin saving now. Here are some techniques to help you save. Let us know of any ideas you come up with on your own. Through saving you can achieve greater self-sufficiency.

Techniques to Help You Save

- Go over your loose change every evening and remove all the dimes or quarters. At the end of every two-week period, deposit the coins you've accumulated.
- Pay your *regular* bills and day-to-day expenses out of your *regular* income. Deposit in savings any *unusual* income you receive (such as gifts, rebates, and tax refunds).
- Kick a habit and save the money you *used* to spend on it
- Decide what you can *afford* to spend for holiday and birthday gifts. Start *now* to set it aside. When the dates arrive, you will have the money. Meanwhile, your money will be earning dividends (interest on savings).
- Good money management means buying selectively. Buy *only* things you *need*. Save now so that you'll be able to take advantage of bargains.
- Save every month for *next* year's income taxes. The IRS charges *interest* and *penalties* on late taxes.
- Do a job yourself and save what you would have paid someone else to do it.
- Arrange for an automatic deposit to your savings account. You can arrange it through payroll deduction. *It's easy to save money you never see.*

How Much Can You Save in a Year?

If you save:	You Will End up with a Total* of:
\$15 every month	\$180
\$5 ever week	\$260
\$20 every two weeks	\$520
\$50 every month	\$600
\$30 semi-monthly	\$720
\$20 every week	\$1,040
\$100 every month	\$1,200
\$50 every week	\$2,600
\$100 every week	\$5,200
\$200 every 2 weeks	\$5,200
\$400 semi-monthly	\$9,600

*These totals will be even higher when you add the dividends or interest your savings will earn.

Techniques to Help You Save, continued from col. 1

- Pick a goal, such as a down payment or a vacation. "Pay" your savings account until you have enough. If you use your savings for a vacation, you will pay 0% interest on your "loan" and earn income on your "payments."
- Think of *one* luxury you've been permitting yourself. Try doing without it for awhile. For instance, if you work outside the home and buy your lunch every workday, bring a lunch every other day, or cut back to buying lunch only once a week. How much would that save you every week? In 50 weeks? You might experience some food "withdrawal" pangs, but you will make up for them with a sense of pride and the beginnings of financial security.
- Do you have a bill-pay plan for your checking account? In addition to your mortgage payment and utility bill, why not have them send a "payment" to your WSFCU savings account?
- If you need help *making* yourself save, take out an unusual loan through WSFCU. It's called a "Credit-Builder" loan. Let's say you borrow \$1,000. You will *not* receive a check. The money you borrow will be *added* to the balance in your WSFCU savings account and *frozen* there—until you have paid your loan in full. The savings earn interest while you pay interest on the loan. It like putting a savings account on lay away. Ask for details or see our Web site.
- *Sort* your savings for different purposes. Set up "Savings Simplifier" (sub-accounts) at WSFCU. They'll appear on your regular statement below your main account. If you main account is #0000, #0000-2 might be for Tuition, #0000-3 for Estimated Taxes, etc. Ask us for more info.

Contact us for other helpful articles & worksheets, as well as one-on-one *tutoring* at no extra charge. Start saving *more* in your WSFCU savings accounts so that you, too, can say, "I have money. I can handle it myself."+++