Saving Matters

May 2019

Make saving a priority

Saving for the retirement you envision always sounds like a good idea, until unexpected expenses hit you out of nowhere. It's hard to prioritize saving when there are so many other financial issues to deal with, but proper management could help put you in a better position to fund all of your saving needs.

Proper cash management, controlling your expenses versus your income, is crucial to maximizing the success of your financial plan.

Create a budget

How much are you able to save? If you're not sure, consider creating a household budget that itemizes the allocation of your available funds each month. Seeing where your money goes may make it easier to reduce non-essential spending so you can grow your savings.

Pay yourself first

Invest in your future by putting money away before you pay bills or spend it. Systematic savings can automatically set aside a specific amount weekly, biweekly or monthly, or you can schedule automatic transfers from your checking to savings account and add it as a budgeted expense.

Debt management

Now that you've created a budget and saving strategy setup, it's time to tackle that debt. Credit card debt is one of the biggest dangers when it comes to reaching your financial goals. Here are a few ways that may help cut down your credit card costs:

Negotiate a lower interest rate	Try to negotiate a lower interest rate with the credit card company and apply the savings to pay off the card faster. While doing so, avoid using it and do not take out any more credit.
Pay more than the minimum	If possible, pay more than the minimum required payment. If you can't pay more than the minimum payment, split it into half and make two payments a month. Since interest is calculated on the average daily account balance for the entire month, making a payment every two weeks reduces the average balance. It also lowers the finance charges included in a single minimum monthly payment.
Transfer balances	Take advantage of low introductory rate offers to transfer debt from high interest rate cards. These lower rates may be available only for a period of time, but if you can consolidate higher rate cards and pay off the debt within that introductory period, it would be a strategy worth considering. Take note of the regular rate before you consider this strategy as it might cost you more in the long run.
Pay off card with highest interest first	Focus on paying off the highest interest rate card first. Double up on payments if you can. Once paid off, you will be able to focus on lower-interest cards and possibly pay them off even faster.
Use savings to pay off credit card debt	Use savings to pay off cards. Why earn 2% on savings while paying16% on debt?

Reaching your goals

With a plan in place, saving for your short-term and long-term goals should be a breeze. Of course, the best-laid plans often go awry, so it's important to monitor your progress along the way. You may face changes that derail your financial plans, but periodically reviewing your plan could be the key to help you get right back on track.

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