

America Saved Less During This Year's America Saves Week

By: Meghan Alard

This year, America Saves Week ran from February 25 until March 2. America Saves is an initiative of the Consumer Federation of America involving non-profit, government, and corporate groups that encourages individuals and families to save money and build personal wealth.

Unfortunately, Americans started saving less in 2018 and their saving rate is only forecasted to continue falling in 2019. If you've been finding it more difficult to save lately, you aren't the only one.

According to *Trading Economics*, the household savings rate in the U.S. fell from a high of 7.4 percent in February 2018 to just 6 percent in December 2018. This disturbing trend is present in more than just average savings rates. A January 2019 *Motley Fool* publication revealed that a whopping 60 percent of Americans don't even have enough emergency savings to cover an unexpected \$1,000 expense.



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Step Up Your Savings

We want you to break these trends and avoid being part of the majority of Americans that don't have enough in their savings account. Here are some tips for increasing your savings, no matter where you are in your financial journey:

If you haven't started saving...

Households who aren't saving consistently usually have one or both of the following problems.

- 1 Every penny of income is spoken for, so you have nothing left to save.
- 2 You have no savings, so it seems daunting to save up anything since you're starting from zero.



If you simply don't have anything to save because you're spending everything you make, then you have a budget problem. Even without the issue of not saving, you can't expect to maintain financial stability if you're one unexpected expense away from financial distress. You have to take action to fix your budget and get debt under control, so you can start saving.

Write down your fixed monthly expenses like rent, car payments, and insurance. Then, make a list of your flexible expenses like groceries and utilities. Finally, list discretionary expenses - clothes, entertainment, etc. You'll be able to see where you spend your money and decide if you can cut any expenses.

Now, begin reducing your debt by focusing on your credit cards. Make minimum payments on all but the card with the lowest balance, and make extra payments on that card until it's paid off. Then, move on to the card with the next lowest balance and do the same.

Then, the money you save from reduced debt payments can be used to start saving. If it's the second reason above holding you back at this point then it's all mental. Just get started. Having \$5 in savings is better than none, then \$10 is better than \$5. Once you start building it will be easier to maintain momentum.

If you started saving recently...

Building a financial safety net for your household takes time, so see where you are in achieving that basic level of savings. Your net should be able to cover 3-6 months of bills and necessary budget expenses like groceries and gas.

With that in mind, see how much you have and compare that to what you need to have. Can you save the difference before the
(continued on back)

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end of the year with your current monthly savings? If not, can you increase savings for the next 11 months to reach your goal?

You're planning ahead so you can use savings to strategically avoid generating debt from things that usually require using credit. This can be anything from taking a vacation this year to generating a larger down payment for your next car. Look at your life and think about what you may need in the next 11 months. Start saving now for each specific goal and you can pay for all or part of those big expenses in cash.

Many people find the next part intimidating. Investing can seem scary if you've never done it. However, once you have healthy savings and are simply looking to improve on an already stable financial situation, you're in a good place to jump in in spite of the risk. Start small if you must, with safer investments like CDs and bonds, then work your way up.

As you get familiar with investments, also take time to review your retirement accounts. These are usually mutual funds that allow you to invest your money over a range of high and low-risk investments. This can be a good way to get familiar with how investing works and will help you be more effective at saving for retirement. If you have questions, reach out to a financial adviser to get help. Don't let lack of knowledge or fear of the unknown keep you from taking action that can improve your life.

SAVING TIPS

Use Cash

Put the amount of cash you need to get by for the week in your wallet and leave the credit cards at home (or just take one for emergencies). Then, only use the cash when shopping so you don't overspend.

Eat at Home

Eating out is one of the most common credit card expenses among consumers. You can eat healthier and save money by preparing your own meals. It's estimated that a family can save up to \$2,784 per year by cooking at home.

Money Saving Challenge

A quick way to start saving is by doing the 52-week Money Saving Challenge. This fun strategy involves saving \$1 every week and adding \$1 each week for a year. In a year, over \$1,300 can be saved without making huge sacrifices!



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