

## Learning to Save - A Few Starter Tips

### Set Savings Goals

Start with 5-10 percent of every paycheck. It's easiest if your employer deducts it from your pay because you don't miss money you don't see. You could also ask your bank to move it from checking to savings every month or make automatic investments into a no-load (no sales charge) mutual fund. Saving is more certain when someone else arranges it for you. The goal may be college for the kids. It may be retirement in a few years. It could be a new car, a boat or a summer place. A real key here is that it forces you to think ahead, beyond the next paycheck. Any successful business is one that plans for the future; many times, 5 and 10 years ahead. Japanese companies project plans even longer.

### Pay Yourself First

After taking care of your tithing obligations, the next person in line to be paid is you. Although this seems very hard to do with all of our other obligations, just get started by forming a regular habit. It will get easier as you progress. Use direct deposit for automatic savings. It can be much easier to save when the money goes directly into a savings account. In that way, the decision to save is out of your hands. What you don't see, you are not likely to miss as much.

### Avoid Spending on Impulse

Most of us save too little because we spend too much on impulse items. Control that urge to splurge. Keep a list of all the things you really need - coats for the kids, a new refrigerator, tires for the car, etc. But wait to buy until those items go on sale. If you're drawn to something not on the list, give yourself a week to think it over.

### Save All Extra Money

Once you have paid off a loan, start paying yourself by putting an equivalent amount of money directly into savings. If you have a car loan you're about to pay off and you've been paying \$250 a month, keep the car for a couple more years and save that \$250 each month. Some people plan so there's a tax refund each year, but most financial planners suggest handling your taxes so you don't overpay. After all, Uncle Sam doesn't pay any interest on the overpayment.

Thrift used to be a basic part of the American ethic. Before we were a nation, Ben Franklin said, “A penny saved is two pence clear.”<sup>1</sup> All of us would benefit by returning to that thinking.

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<sup>1</sup> Ben Franklin, Retrieved July 2005: <http://www.worldofquotes.com/author/Benjamin-Franklin/1/>.