



2019 – Your 52 Weeks to Financial Freedom!

Week 2 - Savings

Know the rule:

- Under 40 – save 5% of your gross income. Example, if you make \$50,000 per year, save \$2,500 per year (that is just \$48 per week!)
- Between 40 and 45 – add 1% per year of age to the 5%. Example if you are 43 then save 8% (5% plus 1% for each of 3 years).
- Above 45, then minimum of 10% with 15% as the goal.

Top 10 tips for quick and easy savings:

1. Eliminate Your Debt

If you're trying to save money through budgeting but still carrying a large debt burden, start with the debt. Add up how much you spend servicing your debt each month, and you'll quickly see. Once you're free from paying interest on your debt, that money can easily be put into savings. A personal line of credit is just one option for consolidating debt so you can better pay it off.

2. Set Savings Goals

One of the best ways to save money is by visualizing what you are saving for. If you need motivation, set saving targets along with a timeline to make it easier to save.

3. Pay Yourself First

Set up an auto debit from your checking account to your savings account each payday. Whether it's \$50 every two weeks or \$500, don't cheat yourself out of a healthy long-term savings plan.

4. Stop or Cut Back on Expensive Habits

Do you smoke, vape, go to “happy hour” several times a week, movie fanatic?. Well add you the cost of all that fun and you will be surprised at how much you spend on mindless fun. You don’t need to eliminate, just cut back 10% and save the difference!

5. Take a "Staycation"

Though the term may be trendy, the thought behind it is solid: instead of dropping several thousand on airline tickets overseas, look in your own backyard for fun vacations close to home. If you can't drive the distance, look for cheap flights in your region.

6. Spend to Save

Let's face it, utility costs seldom go down over time, so take charge now and weatherize your home or chose energy saving appliances. This may range from easy improvements like sealing windows and doors all the way to installing new insulation, siding or high-efficiency appliances and products. You could save thousands in utility costs over time.

7. Utility Savings

Lowering the thermostat on your water heater by 10°F can save you between 3-5 percent in energy costs. And installing an on-demand or tankless water heater can deliver up to 30 percent savings compared with a standard storage tank water heater.

8. Pack Your Lunch

An obvious money-saving tip is finding everyday savings. If buying lunch at work costs \$7, but bringing lunch from home costs only \$2, then over the course of a year, you can create a \$1250 emergency fund or make a significant contribution to a college plan or retirement fund.

9. Create an Interest-Bearing Account

For most of us, keeping your savings separate from your checking account helps reduce the tendency to borrow from savings from time to time. If your goals are more long-term, consider products with higher yield rates like a CD or Money Market account for even better savings.

10. Annualize Your Spending

Do you pay \$20 a week for snacks at the vending machine at your office? That's \$1,000 you're removing from your budget for soda and snacks each year. Suddenly, that habit adds up to a substantial sum. My guilty pleasure is Starbucks – at almost \$5 per day. Now I bring my own coffee!