

Saving Successfully

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CREDIT UNION

Agenda

- Getting started with saving
- Financial goals
- Periodic expenses and emergency funds
- Saving guidelines
- Saving for retirement
- Saving money on interest
- Saving with technology

Getting started with saving

- Pay yourself first!
 - Most people spend their money in the following order: bills, fun, savings
 - Spend in this order: savings, bills, fun
- Make saving a priority, not an afterthought!
- Incorporate saving into your monthly budget!
- Plan and be deliberate with your saving!

Getting started with saving

- Start out small
 - Start with 1% of your income then slowly increase
 - Only a penny out of every dollar!
- Set aside your raise
 - After you have maximized your retirement savings and obtained your emergency fund, the you can use your raises for yourself again

Getting started with saving

- Make your savings automated
 - Payroll deductions directly to your savings account
 - Auto-transfers to a savings account with each paycheck or on a monthly basis

Saving by setting SMART financial goals

- **Specific**
- **Measurable**
- **Achievable**
- **Relevant**
- **Time-bound**



SMART Goal Example

- I want to save \$5,000 for a down payment on a new car in the next year
- I need to save \$417/ month for the next 12 months to meet this goal

SMART Goal Example

- Specific?
 - Is there a detailed plan?
- Measurable?
 - Do I know how much I need to save each month?
- Achievable?
 - Does it fit in my budget?
- Relevant?
 - Should I be doing something else with the money?
- Time-bound?
 - Do I have a deadline?

Three types of goals

- Short-term goals
 - Within the next 6 months to 1 year
- Intermediate-term goals
 - Within the next 1 to 5 years
- Long-term goals
 - More than 5 years away

Three types of goals

- Know the difference
 - Budget for short-term goals
 - Save for intermediate-term goals
 - Invest for long-term goals

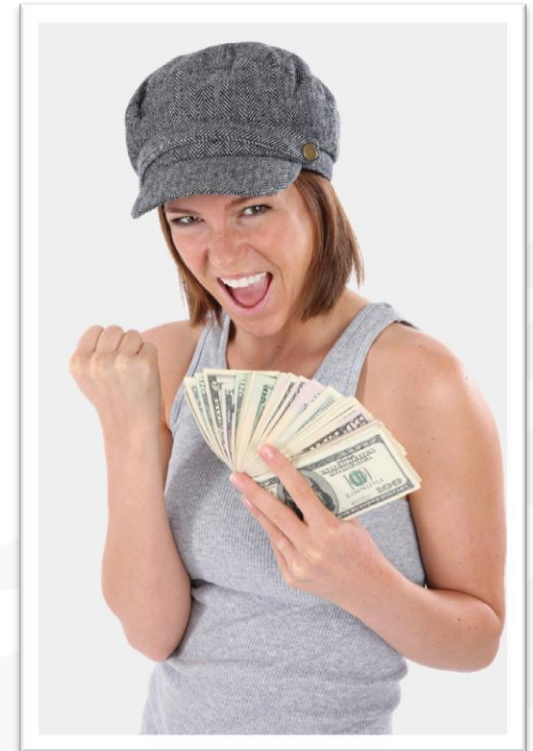


Save for periodic expenses

- Set up a savings account especially for periodic expenses
 - Insurance premiums, license plate fees
 - Christmas club account
 - Vacation account
- Set up auto-transfers for the smaller monthly amount you need to contribute to these accounts

Set up an emergency fund

- Emergency fund
 - This fund allows quick access to cash for emergencies
 - Helps you avoid adding more debt



Set up an emergency fund

- How much is enough emergency savings?
 - Depends!
 - At least \$1,000
 - Once high-interest debts are paid you can build three to six months of expenses
 - How much cushion do you need?
 - What type of career do you have?
 - All other savings needs to go to a higher yield account

Set up an emergency fund

- Use your emergency fund for unexpected expenses that are truly needs
 - Car repairs, unexpected medical bills
 - Not for dining out, a shopping spree or wants

Saving guidelines

- 50/20/30 rule for budgeting
 - 50% for necessities or essentials
 - Housing and food
 - **20% for saving or financial goals**
 - **Saving for a car, a down payment on a house, an emergency fund**
 - 30% for lifestyle choices
 - Dining out, premium cable, entertainment
 - Calculate your percentages using net pay

Saving guidelines

- Is there a cap on the amount I should be saving?
 - NO!
 - 20% is the suggested minimum
 - Can you ever be too wealthy or have too much to give?

Saving for retirement

- Start now!
 - Compound interest is powerful!
- Optimize your employer match if offered
 - If you don't take full advantage of the match you are leaving free money on the table!
- 15% of your gross income
 - If you save 5% and your employer matches 5%, you're already at 10%!

Saving money on interest

- Save money by paying off debts faster
- Make a plan to make extra payments on debts to save on future interest charges
- Pay off credit cards in full each month to avoid interest charges or increasing your debt load

Saving with technology

- When ordering online, search for coupon codes or look for extra cash back offers from your credit card
- Use your financial institutions online bill pay
- Use an online site or app to keep your budget on track
- Download the mobile apps for your favorite stores

Questions?



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