

Smart Saving Strategies for 2018



According to a survey by Nielsen, saving money is one of the top five most popular New Year's resolutions, after getting fit, losing weight and enjoying life more.¹ Although 65 percent of Americans say they prefer saving money to spending it, only 23 percent have the recommended six months of expenses saved.^{2,3} In fact, nearly half wouldn't be able to cover an unexpected bill or expense of \$500 or less.³ Whether you want to save for a down payment or a luxury vacation, now is the time to start saving. If you want to save more of what you earn this year, here are some helpful tips.

Set a specific goal. A goal will help you stay focused and motivated to save more. Write down the target amount of money you'd like to save and be specific. Specifying the exact amount you'd like to save and for what (e.g., saving \$10,000 for an extended family ski vacation in Aspen, Colorado next winter or saving \$75,000 for a down payment on a new home) is more motivational and measurable than saying you'd like to save a lot of money for a nice vacation.

Make saving a priority. Once you've made a goal, stick to it. When something is a priority, you're less likely to sacrifice it to satisfy short-term whims or needs. For example, if you're saving for a down payment on a vacation home and your car is due for maintenance—such as new tires— earmark money for the task now so you don't have to dip into your goal savings to cover the cost.

Have a plan. With a great goal comes a comprehensive plan to help achieve it.

• **Analyze your habits.** Consider the habits that have prevented you from saving money in the past. Do you tend to spend more money than you earn? Outline ways to replace bad habits with ones that will help you reach your goals.

• **Track your expenses** to pinpoint the areas where you can save more money. For example, if you're spending a large proportion of your monthly income dining out for lunch and dinner, look for ways to cut back, such as dining out only once or twice a week and bringing lunch from home. When you know where your money is going, you can create a budget that will allow you to reach your goals.

• **Pay off high-interest debt.** It's difficult to save money when you're making large payments each month to cover outstanding debt. Try to reduce your debt, starting with the loan or credit card with the highest interest. The more you chip away at debt, the more money you'll have to apply to your savings.

Treat saving like an expense. Sometimes it's easier to save money when you view it as a bill you have to pay. Just as you may automatically pay your insurance or phone bill, set up an automatic transfer each month from your checking account to your savings account. Although it may take a few months to get used to it, seeing your savings grow will make it all worth it.

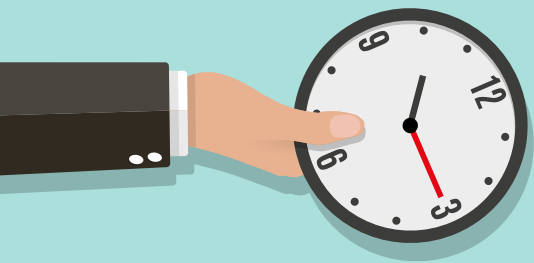
Source: 1. Nielsen.com
2. Gallup, April 2016
3. Credit Donkey, Average American Savings Statistics

Small Savings Strategies That May Add Up



One of the main reasons people aren't able to save money is they don't feel they can. For example, research shows millennials tend to have lower personal savings rates compared to older generations because high student loan debt and stagnant wages make it hard to save.³ However, there are ways to save money, even if you're on a tight budget.

Save your change. In the past, people threw loose change into a jar and, when the jar was full, deposited it into their bank accounts. Since more people are making purchases with their debit cards, apps have been developed that take this concept to the next level, rounding purchases to the nearest dollar and depositing the difference into your account. One such app, **Acorns**, invests the difference into a diversified stock portfolio when the amount reaches five dollars. Acorns charges a fee of a dollar a month for balances under \$5,000 and a 0.25% annual fee for balances \$5,000 or above.



Use cash. Although debit cards make purchasing items in stores and online more convenient, they also make it easier to overspend. Instead, use cash to purchase items in stores near you. Studies show people spend less when using cash. Take out a predetermined amount of cash each week and use it to purchase what you need.

Look for deals. If you have to spend money, look for deals that allow you to save, and then put the money you've saved toward your goal.

- **Loyalty programs:** Many stores, particularly grocery stores, have loyalty programs that offer coupons, discounts and other incentives when you purchase items.
- **Shop in bulk:** Save money by buying items in large quantities. If you like the idea of buying in bulk, but don't have space for it, shop with a friend and split it.

How to Stay Motivated to Achieve Your Goals

It's no secret that many people set goals for the year, only to forget about them a few weeks later. Improve your chances of sticking to and achieving your goals with these tips:

1. **Visualize your results.** By visualizing yourself achieving your goal, you'll become motivated to turn what you see into reality. Visualizing isn't just something you do when you create your goal; do it periodically to stay motivated and on track.
2. **Break it down.** Big goals can feel daunting to achieve. Instead of trying to achieve it all at once, break it into smaller milestones. For example, if you want to save \$30,000 toward a down payment this year, break that into smaller per month or per week pieces.
3. **Focus on what you can control.** It's normal to get hung up on the "what ifs"—an unforeseen circumstance such as a job loss or health problem that causes you to dip into your savings. You can't control the future and the challenges you may face, but you can choose not to let it prevent you from saving for the future.

