

# Rethinking your saving habits



**W**e've become a nation of spendthrifts – the result of living in an age where credit cards offer free gifts and ATM machines dispense quick money.

Consequently, many live paycheck-to-paycheck. If it's time to rethink your savings habits, here are three financial resolutions to consider.

## 1. TRACK YOUR CASH

Start by getting a clearer picture of where your paycheck really goes.

- Keep a diary for two weeks. Record every purchase and how you paid. Then, assess your spending and develop a new plan.
- Use automatic transfers to pay bills, ensuring bills are paid on time, without late fees.
- Use pre-tax flexible spending accounts to pay medical and dependent care expenses.
- Quit using credit. You won't buy as much and avoid high finance charges.
- Visit the Automated Teller Machine (ATM) only once per week and withdraw only what you need.

## 2. CUT SPENDING

Here are a couple ways to save:

- Raise your deductibles on insurance policies. You'll pay more out of your own pocket if you make a claim, but you may save more than 10 percent off your premium.
- Pre-pay your mortgage. Every dollar paid towards the principal reduces interest. An extra \$25 each month on a 30-year, \$100,000 mortgage at 8 percent interest, saves more than \$23,000 and pays off the loan 42 months sooner.

## 3. SAVE MONEY

Try one or more of these painless savings tactics:

- Put your next raise towards a specific goal.
- When you come to the end of a debt payment, put the same amount each month into your investment plan.
- Open an account to cover three to six months of living expense and automatically deposit a set amount from each paycheck.

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