

# Saving: Tools & Techniques



November 13, 2009  
Family Economics Webinar

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## Webinar Schedule 9:00 – 10:00 AM



Jan. 20	Grab & Go Mini Programs
Feb. 18	Retirement Planning
March 16	NEFE Evaluation Tools
April 20	Money Talk: A Financial Guide for Women

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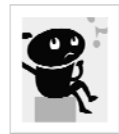
## Original Purpose of Webinars

- Inservice Education Sessions for Extension Agents



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## Question A



- Should some sessions be opened to general public?

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## Question A: Sessions for General Public

- Yes
- No

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## Question B



- I prefer that Marsha "record" a general public version of appropriate topics.

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**Question B: Record  
Topics for General Public**

- **Yes**
- **No**

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**Saving Definition 1**

- **Conservation  
of Money**



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**Saving  
Definition 2**

- **Includes  
reducing  
expenditures**



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**Saving  
Definition 3**

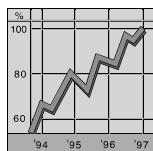
- **Income that is not  
consumed by  
immediately buying  
goods & services**



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**Question C**

- **What year had  
the highest rate  
of saving?**



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**Question C**

- **1975**
- **1983**
- **1991**
- **2000**

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## Year (Highest Rate of Savings)

• May 1975

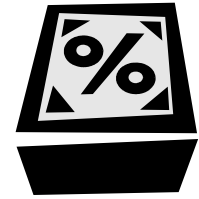
• 14.6



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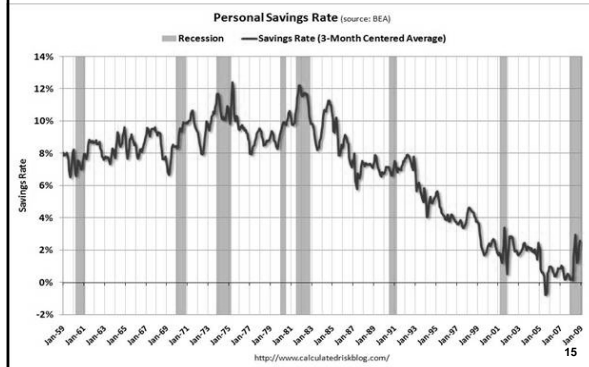
1982

• 9.0

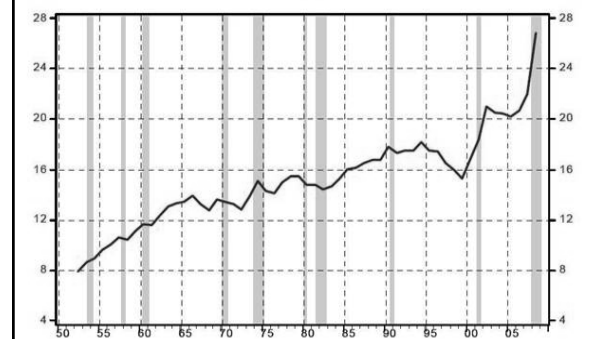


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## Personal Savings Rate



## Households Debt/Net Worth



## Why save?



- Taught by parents
- Spousal Influence
- Fear (of what happens if I don't)

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## Saving benefits?

- Relieves personal stress
- Improves marital relationships
- Peace of mind



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Question D: At this point in your life what is your primary motivation for saving?



- Fear (of what happens if I don't)
- Desire to minimize financial stress
- Peace of mind
- Other, share in chat room

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## Webinar Main Topics

- Brief review of informational resources on saving 
- Successful savings techniques

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## Resources

- Organizational & government sources....



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## PowerPoint on Web

- These slides are posted at:
  - [www.montana.edu/extensionecon/presentations.html](http://www.montana.edu/extensionecon/presentations.html)
  - Under Savings

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## Ballpark E\$timate

[www.choosetosave.org/ballpark](http://www.choosetosave.org/ballpark)

- Identify approximately how much you need to save to fund a comfortable retirement

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## Question E

- According to the Jan. 2009 Retirement Confidence Survey), what % of workers said they are *very confident* they'll *have* enough for retirement?

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Question E: % of workers very confident enough for retirement

- 1. 30%
- 2. 20%
- 3. 15%
- 4. 13%
- 5. 5%

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2009 ???????

- **13%**
- *lowest level since survey started in 1993*



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## American Savings Education Council

[www.choosetosave.org/calculators](http://www.choosetosave.org/calculators)



• Calculators on:

- Budget
- Insurance
- Auto
- Savings
- Retirement
- Much more...

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## Department of Labor

[www.dol.gov/ebsa/PDF/savingsfitness.pdf](http://www.dol.gov/ebsa/PDF/savingsfitness.pdf)

• Savings Fitness



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## U. S. Securities & Exchange Commission

- Get the Facts: The SEC's Roadmap to Saving & Investing
- On line
  - [www.sec.gov](http://www.sec.gov)



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## Federal Information Center

• **66 ways to Save Money**

- [www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)
- Search 66 ways to save money



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## Investing for Your Future

[www.extension.org/pages/Investing\\_for\\_Your\\_Future](http://www.extension.org/pages/Investing_for_Your_Future)



- **eXtension:**
  - 11 lesson web/study at home course
  - Rutgers University

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## NEFE

[www.smartaboutmoney.org](http://www.smartaboutmoney.org)

- **Wealth Care Kit: A guide for financial wellness**

SmartAboutMoney.org  
Dedicated to your financial wellbeing

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## MSU Extension

- **Financial Security in Later Life Web site**



- [www.montana.edu/extensionecon/financialsecurityinlaterlife](http://www.montana.edu/extensionecon/financialsecurityinlaterlife)

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## The Money Mammals

- [www.theMoneymammals.com](http://www.theMoneymammals.com)



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## Social Marketing Campaigns to Encourage Saving

- **America Saves**
- **AFCPE**
- **CPAs**



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## America Saves

- **Designated week**
  - Feb. 21–28, 2010
  - [www.americasavesweek.org](http://www.americasavesweek.org)



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## America Saves:

### Savings Messages

- **View & listen to savings messages**  
– Mini You Tube



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## Sample titles of videos

- **Credit card guy**
- **Many adventures of Savingsman**
- **Savingsman Rap**



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## America Saves

- **Sign up to receive monthly savings messages**



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## America Saves

- **Read Saver Stories**
  - *DC saver inspired by aunt*
  - *Florida Woman builds emergency fund*
  - *Philadelphia woman saves automatically*



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## America Saves

- **Test your savings knowledge**
- **Assess your savings progress**
- **Take action to save more effectively**



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## AFCPE 5 year campaign

- **Association for Financial Counseling & Planning Education (AFCPE)**
  - **10% solution**



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## 10% Solution



- Take gross pay each pay period & drop last digit
  - ~~\$2,000~~, save \$200
  - ~~\$3,000~~, save \$300
  - ~~\$4,000~~, save \$400

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## 360 Degrees of Financial Literacy

Your Money. Your Life.

- American Institute of Public Accountants:
  - Offers information to help consumers make sound financial decisions at every stage of lives.

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## 360 Degrees of Financial Literacy

Your Money. Your Life.

- Life Stages
  - Childhood
  - College
  - Career
  - Military & Reserves
  - Couples & Marriage

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## 360 Degrees of Financial Literacy

Your Money. Your Life.

- Life Stages, con'd.
  - Parenthood
  - Home Ownership
  - Entrepreneurs
  - Life Crisis
  - Sandwich Generation
  - Retirement

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## Feed The Pig

[www.feedthepig.org](http://www.feedthepig.org)

- Get Savings Tips
  - E-mail
  - Phone
- Join a discussion
- Beat your brain



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[www.feedthepig.org/tweens](http://www.feedthepig.org/tweens)

- 4, 5, 6<sup>th</sup> graders
- The Great Piglet Challenge
  - Interactive Adventure in Saving & Spending



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## Conclusion

- Almost "*overwhelming*" amount of savings information 
- organizational & governmental resources
- Find informational source that "works" for you

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## Understand yourself ??

- *Saver*
  - What motivates you to save?
- *Non saver*
  - What would motivate you to save?



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## Decision to save

- What *techniques* are successful? 

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## Successful for you?

- "*It depends!*"

–*Depends on willingness to incorporate techniques in your life style*



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## Bottom line.....

- Are you willing to delay gratification so you have the money to save?



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## In other words.....

- Are you willing to make a change in your behavior to make saving a priority?



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## Changing for Good Prochaska

- Precontemplation
- Contemplation
- Preparation
- Action
- Maintenance
- Recycling



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## Marsha's Saving Technique Behavior Change Levels (SBCL)

1. No sweat/No problem
2. Somewhat easy
3. Challenging but doable
4. Get real!!



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## Saving Techniques



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## Saving Behavior Change Level #1 *"No Sweat/No problem"*

Techniques



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Technique  
Make  
savings  
automatic



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## Automatic deposits

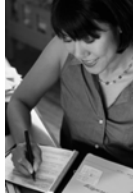
- Arrange for monthly automatic deposits from paychecks or checking to savings accounts



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## Benefit??

- Some plans offer loans for emergencies
- Borrow if really, really, really needed



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## Benefit??

- Don't have to think about it every payday
- Can adjust/change as needed



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## Technique

- Arrange for automatic:
  - Contributions to tax deferred & tax free retirement plans



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## Benefit??

- Penalty if withdraw before age 59 1/2
  - Less likely to make withdrawal



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## Tax Deferred Plan Limits (401K, 403b, 457)

- \$16,500 – 2009
- Catch up 50 & older \$5,500



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## Boost by 1% More

Salary	Age 25	Age 35
\$25,000	\$102,827	\$41,639
\$30,000	\$123,393	\$49,967
\$35,000	\$143,958	\$58,295
\$40,000	\$164,523	\$66,623
\$45,000	\$185,089	\$74,951
\$50,000	\$205,654	\$83,279

Assuming 8% rate of return; Pay Increases 3%

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## Boost by 1% More

Salary	Age 40	Age 50
\$25,000	\$25,675	\$8,559
\$30,000	\$30,810	\$10,271
\$35,000	\$35,945	\$11,983
\$40,000	\$41,080	\$13,695
\$45,000	\$46,215	\$15,047
\$50,000	\$51,351	\$17,118

Assuming 8% rate of return; Pay Increases 3%

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## Technique

- Once loan paid off
- Place former payment in savings



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## Benefit??

- Already altered lifestyle for loan payment
- so payment to savings can be made without "sacrifice"



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## Technique

- Put 2009 state/federal tax refund into savings



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## Benefit??

- It's money you already learned to be without.
- Could be the start of a fund



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## Technique

- Open MSA
- Save income tax "savings"
- \$207 if income above \$15,400



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## Benefit

- Saving tax money on medical expenses you have anyway



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Question F: What percent of Montanans have MSAs?

1. 1.4%
2. 25.2%
3. 53.6%
4. 70.3%
5. 92.5%

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Percent of Montanans with MSAs

- **Only 1.4%**



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## Question G

- Which technique do you think is doable for the majority of Montanans?



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## Question G

- Automatic Savings
- Loan payoff
- Tax Refund
- MSA

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## Technique

Adopt creative ways to save



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## Coin hoarding

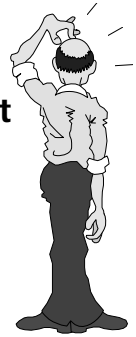
- Piggy bank extra coins 

–U. S. Treasury says Americans hold \$15 billion in loose change

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## Hidden fund

- Write checks for next \$1 or \$5 up in checking account register
- Monthly deposit the “extra” in savings



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## Recipe Box

- Family who put money that they didn't use for eating out in recipe box
- Would go through weekly to show, “This is what we saved by.....”



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## Sugar Bowl

- Mother who squirreled away cash in sugar bowl at the top of the kitchen cabinet



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## Under the mattress

- Dad who hid money in envelope under his mattress



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## Save lunch money

- Parents who packed lunches & totaled their savings



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## Nothing Week

• Save money that would have spent on activities that cost.



85

## Coupon Money

• Save money that would have spent



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## Share in Chat Room

• What creative technique for saving are you aware of?

- Now
- Growing up



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## Saving Behavior Change Level #2

*“Somewhat Easy”*  
Techniques

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## Strategy



• Kick habits that cost  
\$\$\$\$\$\$

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## Money Saved on Everyday Items



Item	Yearly Savings
Snack/Candy/Soda	\$360
Coffee, Latte, Etc	\$1,140
Fast Food Meal	\$1,320

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## Technique

- Accelerate debt repayment so have money to save



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## Which to accelerate?

- Priority
  - Pay off highest interest rate debt first to *save* on interest



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## PowerPay Web site (Utah State University-Extension)



<https://powerpay.org>

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## Debt \$25,000

10% APR	Years	Interest
\$330.38	10	\$14,645
\$531.18	5	\$6,871
\$631.18	4	\$5,467
\$731.18	3.3	\$4,548

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## Saving Behavior Change Level #3

### *“Challenging”* Techniques



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## Technique

- Kick the minimum payment habit on credit cards!!!!!



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# Benefit

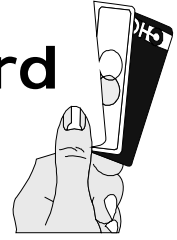
- Once paid off the money not paid in interest is available to save!!!!



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# Matt & Julie

- Credit Card Debt  
-\$10,000



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Question H: What is the average annual credit card interest rate?

1. 21.5%
2. 18.9%
3. 16%
4. 6%
5. 2.8%

99

Credit card average annual interest rate

18.9%



100

Increase payment amount



PMT	\$400	\$600
Years/ Debt	13 years	8 years
Interest	\$5,738	\$3,226
Savings	\$3,226	\$6,195

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Strategy: Establish Savings Goals

- Individual
- Couples
- Family



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# Goals: What do you want

- Things?
- Experiences?



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# Question I: What is your primary goal for saving at this point in time?

- Retirement
- Emergency fund
- College education
- Family vacation
- Other, write in chat room

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# Track'n Your Savings Goals Register

- Funded by Montana Credit Unions for Community Development
- First Interstate BancSystem Foundation



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# Front Cover

## TRACK'N Your Savings Goals



Use your savings register as a tool for setting, tracking and achieving your savings goals



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# Back Cover

## Track'n your \$avings Goals

Beginning date: from \_\_\_\_\_ to \_\_\_\_\_

- Made available through gifts from
- First Interstate BancSystem Foundation
  - Montana Credit Unions for Community Development



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# What are you saving for?

## Savings Goals

Fix-It	Get-Away	Vehicle	College	Gifts	Retirement
Car Repair	Vacation	Truck	Tuition	Birthday	Travel
Appliance	Summer	Automobile	Books	Baby	Living Expenses
Repairs	Winter	Motorcycle	Room/Board	Holidays	
Remodeling	Weekend	Snowmobile	Computer	Anniversaries	
		Bicycle	Supplies	Wedding	

Fig. 1. Savings goals

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## Decide on Amount Needed:

**Figure 2**

My Savings Goals					
Write Goals Here -->	Fix-it	Vacation	Car	College	Retire
Date Needed	2003	2004	2005	2021	
\$ Needed	\$ 1,000	\$ 1,000	\$ 2,000	\$ ???	\$ ???
\$ Already Saved	- 0.00	- 0.00	- 0.00	- 0.00	- 0.00
\$ Still Needed	= 1,000	= 1,000	= 2,000	= ???	= ???

Write the amount still needed for each goal on the top of the first register page

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## My Savings Goals:

**Figure 2**

My Savings Goals					
Write Goals Here -->					
Date Needed					
\$ Needed	\$	\$	\$	\$	\$
\$ Already Saved	-	-	-	-	-
\$ Still Needed	=	=	=	=	=

Write the amount still needed for each goal on the top of the first register page

2

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## Savings Register Example

**Figure 3**

Total \$ Needed	Fix-it	Vacation	Car	College	Retirement	Savings Balance
\$4,000						
Description/Date	\$ 1,000.00	\$ 1,000.00	\$ 2,000.00	\$ 0.00	\$ 0.00	\$ 0.00

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## Recording a Savings Deposit

**Figure 4**

Total \$ Needed	Fix-it	Vacation	Car	College	Retirement	Savings Balance
\$3,900						
Description/Date	\$ 1,000.00	\$ 900.00	\$ 2,000.00	\$ 0.00	\$ 0.00	\$ 0.00
Auto Dep 1/11	+50.00					+50.00
Balance	50.00					50.00
Paycheck 1/29	+75.00					+75.00
Balance	125.00					125.00

## Saving Behavior Change Level #4

**"Get Real"**  
Techniques  
*(You've got to be kidding)*

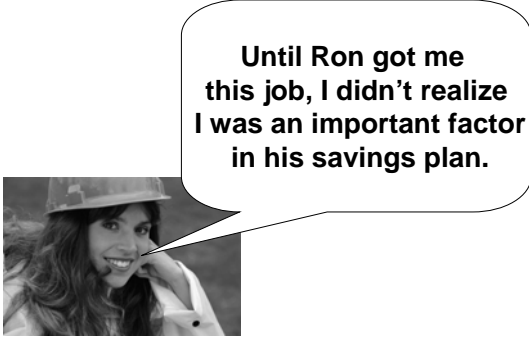
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## Technique

- Moonlight for additional income for savings



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Until Ron got me this job, I didn't realize I was an important factor in his savings plan.

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### Moonlight Savings

Yearly Amount	Age 25 - 65	Age 45-65
\$1,000	\$159,700	\$33,066
\$2,000	\$319,400	\$66,132
\$3,000	\$479,100	\$99,198
\$4,000	\$638,800	\$132,264

Assuming 5% rate of return


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## Technique

- Trade down to a smaller home




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### Savings from Smaller Home

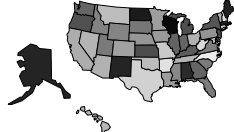
- Lower/ no mortgage payment
- Reduced maintenance costs
- Lower utility bills
- Lower property taxes
- Lower insurance premiums



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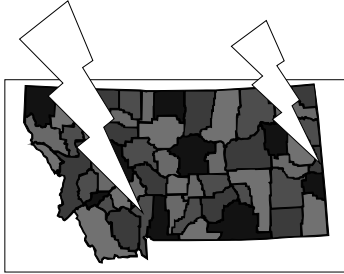
## Technique

- Move to a less expensive location



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# Montana



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## Montana Average Home Price

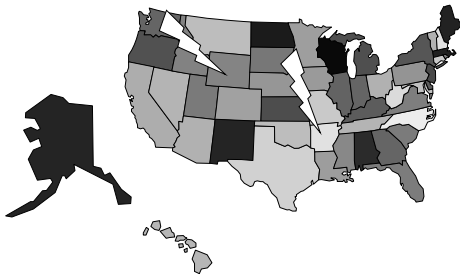


City	Median Cost
Bozeman	\$233,690
Billings	\$151,070
Anaconda	\$102,390
Chinook	\$73,270
Ekalaka	\$31,170

Source: [www.bestplaces.net](http://www.bestplaces.net)

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## Another State



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Question J: Which state is the most affordable to live at?

1. Montana
2. Oklahoma
3. Colorado
4. Florida
5. Minnesota

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## Most Affordable States

1. Oklahoma
2. Texas
3. Tennessee
4. Arkansas



Missouri Economic & Research Center

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## Technique

Make a commitment to save by learning about savings techniques, then take action!!!!!!



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# Evaluation

- Usefulness
- Quality
- Knowledge Gained
- Pace



# Opinion

- Length
- Number of Participants
- Future Webinars
- Quality of Visuals



## Webinar Schedule

9:00 – 10:00 AM



Jan. 20	Grab & Go Mini Programs
Feb. 18	Retirement Planning
March 16	NEFE Evaluation Tools
April 20	Money Talk: A Financial Guide for Women

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*Best wishes as you decide on which savings tools and techniques that you will adopt.*



*Marsha*

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