Easy Ways to Save

Small Changes - Big Savings

Too strapped to save? It's easier than you think. Small changes that you make can reap big benefits over time. Here are just a few examples of different ways you can save.

Easy Ways to Save

Check off one or more of the following ways you can save.

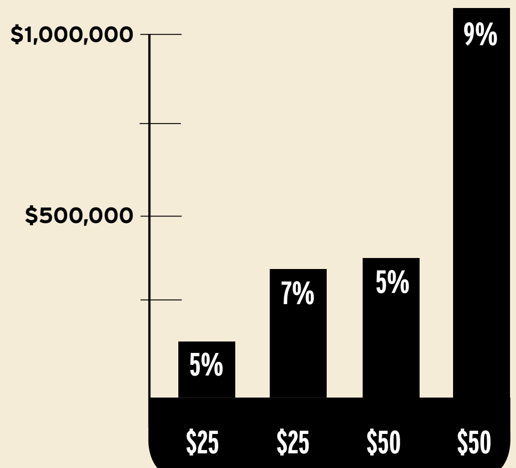
Strategy	Weekly $ Potential	Amount Saved
Skip one pizza a week.	$9.00	
Brew your own coffee instead of paying for "designer" java.	$6.50	
Pack a lunch instead of eating fast food.	$12.00	
Cut back three lottery tickets per week.	$3.00	
Dine out one night per week less than you do now.	$15.00	
If you smoke, reduce the amount by half a pack a day.	$8.00	
Go to the library instead of buying paperbacks.	$2.50	
Find another way to save $.		
TOTAL AMOUNT SAVED PER WEEK:		

For a personalized version of ways you can save, check out the savings calculator at **www.consumerfed.org**

With the extra cash you may have "found," you can really *increase* your savings. The chart at right shows just how fast your money could grow!

Watch Your Savings Grow

Few people ever get rich from their wages alone, but by taking advantage of compound interest – earning interest on your interest – almost anyone can reach their financial goals. By socking away as little as $25 or $50 extra a week, you can have a significant impact on your potential savings. The chart below tells the story.



Over 40 years

$25 a week at 5% grows to $166,020

$25 a week at 7% grows to $286,030

$50 a week at 5% grows to $332,020

$50 a week at 9% grows to $1,021,910

1. Getting Rich in America: 8 Simple Rules for Building a Fortune and a Satisfying Life, Dwight R. Lee and Richard B. McKenzie, 1999.
2. The Millionaire Next Door, Thomas J. Stanley and William D. Danko, 1996
3. *How to Take Control of Your Financial Life*, The Solution brochure, Primerica Financial Services, 1999.
4. *How to Take Control of Your Financial Life*, The Solution brochure, Primerica Financial Services, 1999.

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6 Steps to Six-Figure Savings

Start Building Your Wealth Today!

6 Steps to Six-Figure Savings

Ever dream of winning the lottery? If so, you're not alone. Millions of people spend billions of dollars believing this is the only way they'll ever achieve financial security. The reality is that the odds of "hitting the big one" are about 13 million to one.[1] You stand a better chance of getting struck by lightning than hitting the jackpot.

Fortunately, building wealth is not something reserved for the privileged few (or the very lucky). It's a choice that each and every one of us has. By putting a few fundamental principles about money into action – along with a little patience and discipline – you can save hundreds of thousands of dollars.

We've identified six simple steps that can pave the way to a secure financial future.

1. Think like a millionaire.

Becoming wealthy begins in your brain not your bank account. You might be surprised to find out that 80% of America's millionaires are self-made.[2] Most people who have a net worth of $1 million or more started out with very ordinary incomes. So, what did they do differently than the rest of us? They all learned to save money on a regular basis, make sacrifices when possible and scrutinize their purchases based on whether they needed the items or simply wanted them. For these individuals, financial independence is more important than displaying their status through expensive possessions.

By changing your spending and saving behaviors, you'll be well on your way to a wealthier you.

Take Action: *To see how you can start saving now, check out the savings calculator at* ***www.consumerfed.org***

2. Pay yourself first.

If, after paying bills, you find yourself with little left for saving, move to the front of the line. Before spending a dime of your paycheck, pay yourself first. By making saving a priority, it will be easier to stay focused on – and achieve – your financial goals. Industry experts recommend setting aside at least 5% of after-tax earnings in a savings or investment account. Consider having the amount deducted automatically from your paycheck. If the money's not in your paycheck, you'll probably never even notice – that is until you see your savings accumulate!

Take Action: *Ask your financial institution or advisor about monthly deductions from your checking account into a savings or investment account.*

3. Get rid of high-cost debt.

Carrying large amounts of debt at high interest rates can seriously sabotage your savings plan. Paying for purchases with a credit card may seem convenient, but many people don't realize just how costly these purchases actually are over time.

For example, if you have a $3,000 balance at 19.8% interest, and you pay the required minimum balance of 2% of the balance or $15, whichever is greater, it will take 39 years to pay off the loan.[3] And you will pay more than $10,000 in interest charges!

Take Action: *If you need help managing debt, contact your local non-profit consumer credit counseling service.*

4. Take advantage of "free money" at work.

Nearly half of all employers offer some type of contribution to their employees' retirement savings. Yet, a number of employees fail to take advantage of this "free money" because it requires their own matching contribution. When the employer's contribution and the employee's match is combined, on a dollar-for-dollar basis, your retirement fund could earn a greater than 100% return – a rate you are unlikely to top anywhere else.

Take Action: *Ask your employer about retirement plan options.*

5. Give yourself a tax break – legally!

Who would you rather receive your hard-earned money – Uncle Sam or your family? One way to pay less to Uncle Sam is by putting savings into an IRA or other tax-deferred account. There are several types of IRAs including conventional IRAs, in which deposits are not subject to federal tax but your withdrawals are; and Roth IRAs, in which deposits are taxed but withdrawals are not. Because earnings on these IRAs are tax-deferred or tax-free until retirement, more of your money can grow and compound than if the money was in a taxable account.

Take Action: *Ask your financial institution or advisor about IRA options.*

6. Make your home your castle.

Home ownership is a key wealth-building strategy. While a home mortgage is the biggest debt most individuals will ever owe, it can also be one of the best opportunities to pile up substantial savings. The more you own your house – which is another way of saying the more "equity" you have – the more you have saved. For most middle-income families, home ownership is a bigger part of their savings picture than mutual funds and other savings and investments. By speeding up your mortgage payments, you can dramatically reduce the time it takes to pay off your house. Consider this: paying $34 more in principal each month on a 30-year $100,000 mortgage at 9% interest will reduce the length of time you have to pay by 5 years and reduce total interest costs by $38,100.[4]

Take Action: *Talk to your mortgage lender about paying off your loan early.*