

Money management TIPS for young families

Newsletter 8

August

WHAT TO DO ABOUT SAVINGS

This month it's time to look at your spending versus your savings. Are you among the Floridians who are going broke on the highest income of your life? For most families savings have been declining over the past 10 years.

Are you satisfied with the amount you save? Perhaps you need to think about improving your spending and saving habits.

Take this short quiz below to see how well you are doing.

DO YOU:	YES	NO
Do you pay finance charges only for the home mortgage?	_____	_____
Do you know how all of your money is used?	_____	_____
Do you have a spending plan you are actively adjusting?	_____	_____
Do you spend no more than the amount you planned?	_____	_____
Do you have a plan for savings, and are you saving that amount?	_____	_____
Do you feel financially secure for the future?	_____	_____

Your "NO" answers tell you where you need to do some work.

How to Spend Less and Save More

After achieving the basic necessities, the money you earn helps you attain the comforts of life. Changing money into the comforts of life may be done in the present or future. You and the members of your household make the decision on how much you spend, save and share. When these decisions are added together they determine the quality of life you enjoy or endure. You have already put together a spending plan in Lesson 4.

Now it is time to put together a savings plan, which is based on your financial situation and your goals. Basically your income is distributed in three ways - to pay debts, to provide present needs and to provide for the future. The key to financial success is to live within your income and to save for future financial security. When prices are rising very rapidly, this may be a little tricky. You have two problems: the first is having enough left over to save. The second is to retain the value of the money you have saved.

Next month's newsletter will begin to attach the second problem. The following practices may help you to tackle the first problem.

- Set up a regular savings program and pay your self first. Determine the amount of savings your family needs for emergencies (approximately 2-6 month's income is recommended), for big-ticket purchases in the future and for retirement living. Decide how much can be put into savings and save this amount regularly.
- Carefully evaluate spending decisions. Separate real needs and wants from the luxuries of life. Eliminate spending for items offering little or no value. Trim your lifestyle to fit your income and savings needs. Before buying, consider other ways you might use the money; then use it for the greatest return.
- Shop smarter to get the best buys. Compare prices. Bargain for discounts when paying cash for big-ticket items. Be alert and take advantage of reduced sales prices on worthwhile items.
- Switch to less expensive goods and do-it-yourself services. Investigate private brand products for quality and price advantages. Buy classic styles and standard model goods. Consider "seconds" or "used" goods, if suitable. Consider items that require low maintenance.
- Avoid the use of credit when possible. When you buy on credit, you increase the cost of goods and services and make a claim on future income.

FAMILY ACTIVITY: Draw up a Profile of Family Spending and Savings for the last 3 months.

1. Using your records of spending, determine and record the following information:

MONTH	Dollars Spent	Dollars Saved	Dollars Spent Carelessly or Used for Impulse Buying	Total Dollars Saved
August	\$	\$	\$	\$
July	\$	\$	\$	\$
June	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$

2. Get family members to decide what new spending and saving practices they will use. List these and post the list as a reminder to everyone.

Next month's Tip - WHERE TO PUT YOUR SAVINGS

For further information or assistance contact me _____ your county Extension agent, at _____.

Prepared by Dr. Josephine Turner CFP, Professor, Family Youth and Consumer Economics.

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