



CREATE A SAVINGS PLAN: THE BASICS



1. Record your expenses.

Record all expenses down to every coffee shop latte and cash tip. Then organize expenses by categories. Many credit cards and banks offer digital tools to help with categorizing expenses, but you can do it on paper, too.

2. Budget for savings.

Organize your expenses and income into a workable budget. This link offers an assortment of downloadable budget templates. Be sure to include a category for monthly savings and aim to save 10% to 15% of your pretax income.

3. Explore new ways to cut spending.

Check into free or low-cost entertainment options. Assess all your current subscriptions and memberships to weed out those you're no longer interested in. When you're struck by the impulse to buy a nonessential item, give yourself a cooling-off period before making the purchase.

4. Set savings goals.

Short-term goals might include building an emergency fund and saving for a vacation or a down payment on a car. Long-term goals might include saving for a down payment on a home or a big remodeling project, your child's education or your retirement.

Get a handle on your short-term goals by using the FREE Bank of America Short-Term Savings Calculator.





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5. Prioritize the goals you've set.

Establishing priorities keeps you from becoming overwhelmed or distracted by competing goals. This guideline from Bank of America will help you sort them out.

6. Automate contributions to savings accounts.

Most banks offer automatic recurring transfers between your checking and savings accounts.

7. Watch your savings grow.

Review your budget and check your progress each month.

8. Pick the right combination of savings tools.

For short-term goals, consider:

- Savings accounts at your bank
- Certificates of deposit, which lock in interest rates for a fixed period of time

For long-term goals, consider:

- FDIC-insured individual retirement accounts, which offer tax savings
- Securities such as stocks or mutual funds. These are subject to investment risks and are not FDIC-insured. Talk with a broker to understand the benefits and risks

Take the America Saves Pledge

What's the one financial goal that means the most to you? Click to take the pledge.

Snap a photo & share your goal on the MyHealth Connections Facebook page.



CREATE A SAVINGS PLAN: DEEPER DIVE INTO GOAL-SETTING



Your financial goals should cover costs for short-term desires, long-term goals and unexpected expenses.

Priority 1: Prepare for the unexpected.

If you don't already have an emergency fund, start one immediately to cover events like illness, accidents or an unexpected work layoff. Experts recommend having the equivalent of six to nine months worth of expenses in your emergency account. Even if you can't reach that goal right away, get started and contribute something every month.

Priority 2: Put long-term goals in order.

Financial planners recommend saving for retirement before saving for your child's education. Why? Because students have access to a variety of specialized loans and financial aid programs. Also, federal formulas for student financial aid do not factor in parental retirement savings. When saving for your child's education, consider tax-deferred plans. Lastly, save for other long-term goals such as costs for caring for elderly parents.

Priority 3: Zero in on specific five-year goals.

What's most important to you and your family in the short term? A trip to a big theme park? Paying for a wedding reception? Buying a new car? Get specific. Then open up a savings account (or subdivide an account) for each goal, assigning descriptive account names that keep your eyes on the prize. Make weekly or monthly contributions to these smaller accounts after taking care of your longer-term savings contribution.

