



Consumer Tip December 2016: Plan Now to Save in 2017



During the holiday season most people focus on spending, not saving. But, before you know it, the new year will roll around and we'll all be making goals for the year ahead. With a little bit of work during the month of December, you'll be ready to start off your new year's resolutions right by creating or updating your savings plans for you or your family. These helpful tips will get you headed in the right direction.

Stick to your plans.

The first lesson to remember when developing a savings plan for your family is that it takes real planning. Saving requires an active decision to put money away. When we fail to plan our entertainment, we end up spending costly evenings out. When we fail to plan our meals, we end up eating at expensive restaurants. Set aside time each week to decide how often you're going to grab a cup of coffee on the way to work, go out to lunch with coworkers or have drinks after work with friends. Making a plan and sticking to it will relieve you from game-time decision making, which usually results in greater expenses.

Make saving automatic.

One of the easiest ways to save money is to eliminate the *decision* to save every month. If you haven't already done so, connect your checking account to a savings account at your bank or to your retirement account. In most cases, you'll be able to set up an automatic withdrawal from your bank account to coincide with your payroll deposits. That way, the money is moved out of your checking account and into the appropriate savings account before you ever see it.

Don't have money to save? Review your bills.

Just as saving is easier when it's automatic, spending is also easier when it happens without effort. Many Americans have put their monthly expenses on auto-pay via a bank account, credit card or debit card. This saves the monthly hassle of paying bills, but it might also put your relationships with service providers in the "out of sight, out of mind" category. While your monthly payments have been made automatically for phone, cable and other service providers, the initial promotional rates you might have once enjoyed on those accounts have possibly expired.

Take time to revisit your relationships with these service providers. Call them and ask for a better deal. Or, shop around with their competitors. Most service providers don't want to lose you as a customer and will extend to you the "new customer" discounts or something similar to get you to stay.

Once you successfully reset these relationships, you can add the total amount saved to your automated savings deposits each month.

Still don't have money to save? Take control of your expenses.

The biggest hurdle to save money is often our impulse purchases, the things we really want in the short term but don't really need in the long term. One of the most time-proven ways of helping families control expenses is the cash envelope system. This requires you to make a plan for your monthly expenses, deciding up front what you will spend on groceries, eating out, entertainment and other purchases.

Once you've made the plan, take cash from your bank account and put it in envelopes marked with the appropriate areas of expense. Using cash makes decisions to spend more difficult, especially when you can see the money dwindling from your envelope.

Worried about carrying cash? Utilize a free mobile application like Goodbudget, which simulates the cash envelope system for expense management while still allowing you to use your debit card for purchases.

Saving doesn't necessarily require a drastic change in your lifestyle. Taking small but achievable steps towards a goal is often the best way to achieve success in the long term. And, doing so will help you put a plan in place that will survive well past the point where most people give up on their new year's resolutions.

This information is provided with the understanding that the association is not engaged in rendering specific legal, accounting, or other professional services. If specific expert assistance is required, the services of a competent, professional person should be sought.