Being a better saver

Special Report

Saving takes discipline, but it doesn't have to be painful. As you get into the habit of saving and watch your nest egg start to grow, you'll be incentivized to stay on the path to a more secure financial future for you and your family.

Times of economic unrest have caused many of us to pay closer attention to our spending habits and to re-focus on saving: for retirement, the unexpected, homes, cars, college and other financial goals.

In a thesaurus, terms such as "scaling-down" "belt-tightening" and even "cheap" come up as alternate words for saving. The definition of save is more positive — "accumulate," "set aside" or "keep." Both aspects are valid – the difference is in which view you choose to take on saving. "Belt-tightening" can help and may be a necessity, but there are other approaches you can use to "accumulate" what you need to meet your financial goals.

Saving for the Future

Saving for a comfortable retirement is one of the most important financial decisions you can make. Your employer-sponsored retirement savings plan is a convenient way to save. Automatic payroll deductions make saving easy and, as a Plan participant, your contributions are made (in most cases) with pre-tax dollars reducing your taxable income.

Your Plan offers a variety of investment options, and earnings on your investments are automatically reinvested so even small contributions have the potential to grow your savings. There may be additional saving incentives available through your employer or from the Federal government when you save with your Plan as well.

Saving for Today

Saving for the here and now is as essential as saving enough to fund your retirement. It's also important to have an emergency fund to handle the unexpected in addition to the money you need for regular living expenses. And don't forget to save to do the things you and your family enjoy. Here are some suggestions for easy steps that can help you get into the habit of saving.

Making the most of your employer-sponsored retirement plan

If you stay in tune with your long-term goals, you can get the most out of your employer-sponsored Plan.

- Estimate how much you'll need to retire comfortably
- Identify an investment strategy that's in line with your age and the number of years you have until retirement.
- Contribute as much as you can – understand the threshold to receive the match if your employer offers one.
- Increase your contributions regularly if you can.
- Rebalance annually to make sure your investments stay in line with your original plan.
- Diversifying across a range of asset classes can help you manage investment risk. Keep in mind, that if you use diversification as an investment strategy it won't guarantee better performance or protect against loss in declining markets, but it can help reduce investment risk.

Here are a few more thoughts about rounding out your plan for saving:

1. **Direct Deposit**
   Deposit your paycheck directly into your savings account. Transfer only what you need to pay your bills to your checking account.
2. **Treating your Savings as a Bill**
   Once you've paid off a credit card or loan keep making those payments to yourself by putting the money into your savings.
3. **Thinking Before you Buy**
   Walk away from big purchases for at least 24 hours or even a week or two. You could end up finding a better price, or rethinking the purchase altogether.
4. **Saving Your Change**
   Get into the habit of tossing your spare change (or even dollar bills) into a jar every day. It's an easy thing to do will add up!

Contributing as much as you can is a good start.

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