

Building a Savings Nest-Egg

It often seems that saving money is almost impossible. Unexpected expenses or the temptation of some item or event can make even the best plans unsuccessful. Yet having a financial cushion is one of the most important things you can do to feel financially secure. Here are some ideas that may help:

1. Contribute to your retirement plan at work. Many companies offer employees the opportunity to defer income into a 401(k) plan and will also help with a matching contribution of some level.
2. Sign up for an automatic savings plan at your financial institution. If your institution transfers a set amount into a special savings account from your checking account each month, you will come to view that amount as a regular "expense" and may not even notice it is gone from your checking account. Over time, it will add up and that account will probably pay a higher interest rate than your checking account. You can also use a similar type program to have an amount automatically deducted from your paycheck and deposited into a savings account.
3. Reduce high interest rate debt. If you are paying interest on credit cards or some other loan that has a high interest rate, find a way to pay it off. Interest rates in the teens make it hard to get ahead of the minimum monthly payment required. You might also consider finding another credit card with a lower interest rate.
4. Skip a year's vacation. As much as you may look forward to a lovely trip, consider staying home, visiting relatives instead or going someplace less expensive.
5. Find a cheaper apartment. A less expensive place to live, even temporarily, can help you save some money quickly.

Saving money is usually a case of self-discipline. It may be hard, but having a savings cushion can provide financial peace of mind and a source of funds if you need them.