



# Extension News Column

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The personal savings rate is nearly zero. Most Americans are not saving adequately for retirement and most low income households do not have adequate emergency savings for unexpected expenditures like a car repair. However, Americans need to build wealth, not debt. Having an emergency savings fund may be the most important difference between those who manage to stay afloat and those that are sinking financially.

The week of February 22<sup>nd</sup> to 29<sup>th</sup> is America Saves Week. This week is set aside to help remind people of the importance of saving and to encourage people to establish an emergency savings account.

Having an adequate savings account will allow you to meet unexpected financial challenges. Not having an emergency savings fund is an important reason that many individuals borrow too much money at high interest rates. With even small amounts of money saved for emergencies, Americans would not have to take out \$2 billion a year in payday loans at interest rates that average 300 to 500 percent.

The amount the typical American spent last year on unexpected expenditures was \$2000. What are these emergencies? Two thirds of unexpected expenditures were related to medical care or motor vehicles. So it makes sense that having that \$2000 in an emergency fund will keep you from having to resort to credit cards or a payday loan to make up the difference.

So how are we going to get this \$2000? The easiest way for most of us is to set a goal for when you want to have it and save toward it. For instance, if I want to save \$2000 by the end of the year, I have 10 months, so I'll need to save \$200 a month, or \$50 a week. If you have trouble writing the check to yourself, ask your bank to take the money out automatically. You won't miss what you haven't ever seen. Making a plan will give you a better chance of success. In fact one survey said that if incomes are the same, those families with a plan save about twice as much as those who do not have one. Make a plan and stick to it.

With current conditions in our economy, it may seem like a hard time to save. But our current economic troubles offer opportunities. For those who have adequate savings for emergencies, job stability, and low or no debt, a recession can be an excellent time to spend money and to get a deal. Set your sights on saving enough money to be fiscally secure.

The goal of America Saves is for people to take financial action: to start saving and to take steps for developing fiscal security. America Saves is a movement to rebuild a culture of savings.

If you'd like to learn more about America Saves check out the website at [www.americasaves.org](http://www.americasaves.org). Take steps now to develop the habit of saving. Your bottom line will be happier for it.