

# American Saver

*You Can Build Wealth*



## Financial Services Companies Support Saves

The growing America Saves network is held together and supported by an array of services. Several financial services companies are generously supporting these services.

All local campaigns and Savers receive quarterly issues of this newsletter. The cost of its production and mailing are covered by funding from the New Century Financial Corporation, now in its fourth year of support.

Local campaigns receive much technical assistance from the America Saves national office. This assistance includes on-site consulting and the design and printing of local publications. For three years, Providian Financial had provided financial support for this assistance. Recently, WAMU, which purchased Providian, decided to continue this support.

Local campaigns also receive grants ranging from \$1,000 to \$10,000 to help cover out-of-pocket organizing costs. Recently, Capital One agreed to fund this grant program.

Three times a year, local campaign coordinators meet with each other and, in a separate National Forum to Provide Lower-Income Household Saving, with leaders from national organizations and agencies. Late last year, H&R Block agreed to fund the substantial travel costs and other expenses associated with these meetings over the next three years.

Anyone can learn about America Saves, how to save, and how to enroll as a Saver through the national America Saves website and 15 local campaign websites. Much of the expense associated with the development and maintenance of these websites is covered by annual support from GE Money, just renewed for a third year.

America Saves seeks to promote sustain-

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## ARIZONA SAVER

# A Student of Saving

Ivan Buenrostro was a student at Arizona State University when he learned about Arizona Saves through his credit union. What particularly caught his interest were the workshops the Saves campaign offered on topics like budgeting, purchasing a car, or managing credit.

"I normally like to read about financial stuff. I thought it would be better and more interesting to go to a workshop," he said. So he went to a meeting and signed up as a Saver.

As a student getting by on financial aid and a part-time job, he wasn't immediately convinced that he could find extra money in his budget to save. One message that struck home, however, was the benefit of making his money less accessible.

With that in mind, he opened a savings account with a small credit union in North Carolina. He didn't get checks or a debit card for the account. If he wanted to get money out, he had to send the request in writing. After about 10 months, he managed to save about \$600.

"I didn't know what I wanted to save that for, but I just wanted to have some extra money," he said. That came in handy when his car broke down, although the emergency wiped out his savings. "Seeing it all gone was an upsetting experience," he said. "Mostly, though, I was thankful it was there. It felt like the emergency never happened."

He still keeps the account in North Carolina. As soon as a check comes in, from financial aid for example, he sends off money to that account. "I do it the same day that my check gets

here, so I don't miss it," he said.

Since joining the campaign, he has also found new ways to save. He bought an inexpensive bike with his savings and started riding it to campus, saving on the cost of gas and parking. Although he has since moved further away from campus, he still tries to save by parking in areas where



*"I've learned a lot from Arizona Saves."*

Ivan Buenrostro

he doesn't have to pay and riding the bus at least once a week. He's also gone from buying a bottle of water each day on campus for about \$1.25 a bottle to buying water by the case at his local discount store for \$6 for 18 bottles. He's cut down on the soda he buys too.

Although he already owned a car, he attended the workshop on saving money on car purchases. When he bought his first car, he didn't take into account the cost of taxes or insurance and ended up spending more than he intended. The workshop has made him better prepared for his next car purchase, he said. In the meantime, he's shopped around and managed to lower his car insurance costs.

In his last full semester of school, he's looking forward to the day when he will begin working. He's planning to have his check automatically deposited, with a certain amount going directly into saving. "I've learned a lot from Arizona Saves," he said.



## Financial Market **facts**

### February 2007

Money market account	0.80%
1-year CD	3.77%
5-year CD	4.02%

### U.S. Savings Bonds

EE Bond	3.60%
I Bond	4.52%

### Mortgage Rates

30-year fixed rate mortgage	6.42%
15-year fixed rate mortgage	6.19%
5-year adjustable mortgage	6.30%

**Sources:** *The New York Times*, "Data Bank," pg. BU 10, February 4, 2007 and [www.savingsbond.gov](http://www.savingsbond.gov), February 5, 2007.

## Family Wealth **facts**

### Auto Loans

% of households with a loan	
Black	32%
Hispanic	30%
Others	35%

### Median APR for new car loans

Black	7.0%
Hispanic	5.5%
Others	5.0%

### Median APR for used car loans

Black	9.5%
Hispanic	8.0%
Others	7.5%

**Source:** Federal Reserve Board, 2004 Survey of Consumer Finance.

# Savings Strategies Save Money on Car Purchases

**M**any consumers overspend on motor vehicle purchases and related financing, making it that much more difficult for them to save and build wealth.

On average, American families spend more than \$7,000 a year on motor vehicle costs. A significant number of families spend well into five digits each year.

To help families cut those costs, America Saves has developed a brochure, "America Saves on Car Purchases." The brochure is available for free in both English and Spanish from local Saves campaigns and, with a self-addressed, stamped envelope, from the national office. (See the box on page three for the America Saves address.) The brochure content can also be found on the America Saves website.

The brochure addresses four key issues related to car purchases — whether to buy, what to buy, how to buy, and how to finance — and also explains how to save for a larger down payment.

### Whether to Buy

Before you buy a car, especially a second vehicle, consider whether you have other alternatives. Particularly in cities, these alternatives could include mass transit, cabs, and rental cars, or a combination of the three.

If you want or need always to have a car available, leasing can be an alternative to buying. Remember, though, that at the end of the lease period, you won't own the car. If you buy the car at that point, the lease and purchase costs together may be more than it would have cost simply to purchase the car at the outset.

### What to Buy

Cars vary widely in cost. The exact cost depends on factors such as the type of car; its age, mileage, and condition; how you finance, insure, and service it; how many cars you own and how far you drive them.

First, think about the types of models that meet your needs and are affordable. Then search the Internet and publications such as *Consumer Reports* for information about the features, performance, durability, and costs of the models that interest you. Finally, look over and test drive any of these models.

In deciding whether to purchase a new or used car, make certain to estimate the difference in total costs. In addition to the purchase price, total cost includes depreciation, gas mileage, insurance premiums, finance charges, and likely costs of maintenance. New cars almost always are more reliable than used cars, and they have better warranties, but they lose 20 to 40 percent of their value the minute you drive them off the lot.

### How to Buy

At car dealers, the price of the cars and their optional features are almost always negotiable. Before negotiating, learn the manufacturer's wholesale price to the dealer, which will be somewhat less than the sticker price.

It is a good idea to negotiate price over the phone. If the dealer won't talk price with you on the phone, call another dealer.

If you are uncomfortable negotiating, consider seeking the assistance of a car buying service. One nonprofit group offers a popular service, CarBargains, in which several dealers bid for your sale.

Purchasing a used car has special risks, because you often cannot be certain of the condition of the car. Check the Bluebook price to learn what used cars in a certain condition usually sell for. Try to find a mechanic who is willing to check the car out before you purchase it.

### How to Finance

After deciding the amount to be borrowed and the number of monthly payments, shop around using the Internet or Yellow Pages for the least expensive loan. Saving even half a percentage point on your interest rate can result in significant savings over the life of the loan.

Be sure to call your bank or credit union for a rate quote before you talk to a dealer about financing. The dealer may quote you a rate that is higher than you should be able to get based on your credit risk (the "buy rate"). If the dealer quotes a rate that is above that quoted by your bank or credit union, inform the dealer of the lower rate and ask the dealer to match it.

# A Quarter **Saved** is a Quarter **Earned**

**N**o one knows better than Savers how to find the extra dollar here and quarter there that, over time, add up to substantial savings. Here are a few of their savings tips.

Instead of buying paper towels, use hand towels that are washable. That can save you \$100 to \$300 a year, depending on the brand you use.

TRICIA BROWN  
TOPEKA, KS

I bought a set of hair clippers and thinning scissors that I use to cut my own hair. I have successfully groomed my hair this way for over two years, and I still get a surge of satisfaction each time I avoid the barber knowing that my savings keep adding up.

JAMES H. COOK JR.  
GASTONIA, NC

I eat out often, which is very costly. One way I've saved hundreds, however, is by not ordering a beverage. When eating at a restaurant, I always ask for lemon for my water, then add a little sweetener to make my own lemonade. The place where I buy lunch every day doesn't have lemon, so I bring my own from home and do the same thing. This beverage alternative has cut my eating out expenses by more than \$50 per month.

VANESSA L. LOWE  
SILVER SPRING, MD

Buy clothing out of season for kids. For example, I buy my son's winter snowsuit and boots for the next year when this winter's items go on clearance. Same with summer clothes.

TANYA AFTEM  
NEWBURG, ND

One can save a bunch of money if one just avoids vending machines that sell chips, candy, and soda. Usually the food and drinks at such machines are grossly overpriced. I have saved about \$40 a month simply by avoiding the temptation of buying stuff out of the vending machines and simply walking past these machines.

GREG RUBIN  
PISCATAWAY, NJ

I ride my bike to work at least one day per week. I save an average of \$50 a month by doing so. The real benefit however is to my physical and mental health, which itself translates into potential savings in healthcare costs.

BEATRICE L. PETTIT  
MURRAY, UT

Each time you get a raise, adjust your 401k. Just change your deduction so that you are putting in an extra percentage of your paycheck. You will never notice that the money is gone from your check, and you'll be putting more into savings.

MICHELLE ROACH  
SALT LAKE CITY, UT

I pay myself to do the things I love — well, the things I love that don't cost money. For example, if I borrow a book or movie from the library and stay home to read it, I pay myself as if I went to the movie or bought the book. I literally transfer the funds into my savings account. Lots of things I do can be done for free or for next to nothing: walking the dogs and enjoying the company of friends, family and neighbors are other examples. In 2004-2005 I did such fun, free activities so much that I saved enough for a down payment.

ALMAZ SULLIVAN  
SAN FRANCISCO, CA

## Send your savings tips to:

American Saver, c/o Consumer Federation of America, P.O. Box 65686, Washington, D.C. 20035-5686.

If we select your tip for publication, we will send you a \$50 EE Series Savings Bond (initial value \$25). Please include your name, mailing address, and phone number so we can contact you to arrange for your savings bond.

## Financial Services Companies

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able home ownership as an effective wealth-building strategy. Fannie Mae continues to help cover the expenses of this work. Similarly, America Saves seeks to help consumers save money on car purchases and financing. A series of grants related to settlements from auto finance related litigation pays for this program.

"Financial institutions are critically important to helping Americans save and build wealth," said America Saves coordinator Nancy Register. "It is gratifying that so many of these institutions, including several lenders, have chosen to support America Saves."

## American Saver

American Saver is the quarterly newsletter of the America Saves campaign, a national program to encourage and assist Americans to save and build wealth more effectively.

The campaign is coordinated by the non-profit Consumer Federation of America (CFA), supported by national foundations, and advised by dozens of non-profit, government, and business groups. A generous grant from the New Century Financial Corporation supports the publication and distribution of the *American Saver*.

Questions about how to start a local savings campaign in your area should be directed to: Nancy Register, America Saves, c/o CFA, P.O. Box 65686, Washington, D.C. 20035-5686; 202-387-6121 (phone); 202-265-7989 (fax); nregister@consumerfed.org.

American Saver Editor: Barbara Roper

# News

## FROM LOCAL CAMPAIGNS

*Note: This is not an exhaustive list of the activities of all America Saves sites, but rather a sampling of activities from several of the local campaigns. For a more complete list of America Saves campaigns, be certain to visit our website at [www.americasaves.org](http://www.americasaves.org).*

**Tennessee Saves** state partners are coordinating statewide promotion of America Saves Week. Planned activities include a Tennessee Saves Day in Nashville, statewide public service announcements and news clip broadcasts, and local youth Piggy Bank competitions. In addition, local coalitions across the state plan to promote savings education in school classrooms and at community events. The Governor's office plans to issue a proclamation, and the state legislature plans to issue a Joint Resolution in support of Tennessee Saves.

**Tampa Bay Saves** has gotten off to a successful start, with nine motivational sessions held in the first three weeks of the campaign and 65 new Savers enrolled. The campaign is planning a financial fair in late February that will include financial management exhibits, prize drawings, refreshments, and information about enrolling as a Saver. A number of organizations have signed on as campaign partners, including the Florida Department of Financial services, the IRS, and several local financial institutions.

**Philadelphia Saves** planned its first annual Philadelphia Saves Week in association with America Saves week, with support from the Mainline Health Employee Federal Credit Union. The campaign signed up 718 Savers in just two months who committed to saving \$1.45 million dollars toward their financial goals.

Building on a successful year in 2006, when it increased the number of work-

shops offered by 50 percent, **Northwoods Saves** (WI) is planning for similar increases in 2007.

**Northland Wisconsin Saves** is working with local financial institutions to educate their employees about the campaign.

**Okaloosa Saves** (FL) is planning to hold a financial fair during America Saves Week as well as a Piggy Bank beauty pageant. The local newspaper, the Daily News, is sponsoring a contest for best savings tips and plans to print them in the Sunday edition of the newspaper that week.

**The Military Saves** campaign is launching at the Department of Defense with a Military Saves Week to coincide with America Saves Week. A kick-off event is planned at the Pentagon, and special drives to enroll Savers are being planned in the Southwest Navy region, at Travis Air Force Base, at the Los Angeles Air Force Base, and several other installations and regions.

**Gadsden Saves** (FL) is planning a "Get Out of Debt Savings Spree" in early March in Quincy, Florida. The event is supported by several banks, credit unions, and community organizations.

**Colorado Saves** and the Denver chapter of Junior Achievement are jointly sponsoring a poster competition among local schools on the theme, "Plant the Seed of Saving to Grow Your Future." First place winners for elementary, middle, and high school will be

entered into a national competition.

**Cleveland Saves** enrolled approximately 1,786 new Savers in 2006, well beyond its goal for the year of 1,500 new Savers. In doing so, it brought its total of enrolled Savers since its launch to 8,650. The campaign also conducted 172 workshops in 2006, also exceeding its goal of offering 100 workshops annually. The campaign is planning a Cleveland Saves Week as part of America Saves week with a goal of encouraging area citizens to take financial action, by making a commitment to save, invest, and build wealth.

**Charlotte Saves** held its annual Community Partnership Luncheon in January. Jeff Kan, Senior Vice President and Officer in Charge of the Charlotte branch of the Federal Reserve, was keynote speaker, and Joe Smith, North Carolina Commissioner of Banks, presented the annual partnership award to Students in Finance Education at University of North Carolina's Belk College of Business.

**Arizona Saves** plans to pilot Arizona Native Americans Save in 2006 with the support of several local Tribal Nations and Tribal organizations. The campaign plans to develop Nation-specific brochures and materials in conjunction with these groups. Emphasis will be on educational programs in schools, as well as topical programs in areas such as payday lending and car purchases for adults.

[www.AmericaSaves.org](http://www.AmericaSaves.org)

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