

American Saver

You Can Build Wealth

20 Local Campaigns Enroll as Savers

The launching of El Paso Saves, Marine Corps Saves (Camp Lejeune), Army Saves (Fort Stewart), and Navy Saves (Norfolk Navy Base) brings to 20 the number of local campaigns that now are enrolling Savers.

These campaigns have involved more than 1000 organizations, more than 100 of which are financial institutions.

Several more campaigns are expected to begin in the next several months, and an additional couple of dozen campaigns are being organized.

Normally, it takes between six and 18 months for a local campaign to be organized. Planners must build a group of organizational supporters, recruit a coordinator, develop materials and services, such as motivational workshops and wealth coaching, test these services, and figure out how to market and deliver them.

At each stage, local campaigns receive assistance from the America Saves national office. That assistance begins with advice and training, including site visits. It extends to preparation of all materials.

The national office also provides services to active campaigns, such as management of the Saver database and preparation of the quarterly American Saver newsletter.

For the past several years, most of these services have been paid for out of generous grants from Provident Financial. This financial services company has just provided funding for a third year.

ARIZONA SAVER

Saving for Financial Independence

Two years ago Vivien Vargha was at a crisis point. When her 15-year relationship ended, she and her three children “lost the house, the cars, everything.” To add to her troubles, she had no experience with the basic tasks of managing money, like paying bills and making a budget. “I didn’t know what to do,” she said. “I was working. I knew I had to work. But that was all I knew.”

Today, she has a car, she’s buying a house, and, when her father died recently, she had the money she needed to hop on a plane the next day and fly to his funeral. She has also nearly completed her bachelor’s degree and recently landed a new job with the county that comes with a pay increase.

She credits the help she got from the Labors Community Services Agency and Arizona Saves for her success. “That program got me where I am today,” she said.

It was Labors Community Services Agency that introduced Ms. Vargha to Arizona Saves, when they brought in a campaign representative to speak to their renters. What attracted Ms. Vargha was what the speaker had to say about “being financially independent.” “I was tired of living paycheck to paycheck,” she explained. “The motivation was really in myself. I just needed to hear the excitement from another person.”

She signed up as an Arizona Saver and started saving 10 percent of each paycheck. To find the extra money to save, she trimmed her expenses in a lot of areas – by cutting back on her food bill, switching to basic cable, and mon-

itoring the family’s electricity use. As she tells her children, “You budget, or you go without.”

The one thing that helped her more than anything else, she said, was putting her budget in writing. “The most important thing is put it on paper. You’ve got to visualize it. That’s the only way you can stick to it.”

To help her keep track of her spending, she made folders for each budget category with manilla envelopes attached. She puts her receipts in the envelope and keeps a record of all her expenditures.



“I was tired of living paycheck to paycheck.”

Vivien Vargha

On a couple of occasions when she “needed direction,” she called her Arizona Saves wealth counselor for advice. Gradually, her savings began to grow. “It didn’t happen overnight,” she said. “I can’t describe how hard it was. But I had a goal in mind, and I stuck to it. I really had to believe there was a light at the end of the tunnel.”

Now she’s working on rebuilding her savings, which were “wiped clean” with her recent house purchase. And she needs to buy furniture and other items for her new house. “I have to figure out what’s the best way to complete this task. It’s going to be really complicated to me until I get a plan in force.” But with the same determination that has brought her so far already she adds, “It’ll get done eventually.”



Financial Market

facts

September 2004

Money market account	0.48%
1-year CD	1.66%
5-year CD	3.56%

U.S. Savings Bonds

EE Bond	2.84%
I Bond	3.39%

Mortgage Rates

30-year fixed rate mortgage	5.76%
15-year fixed rate mortgage	5.16%
1-year adjustable mortgage	4.21%

Sources: *The New York Times*, "Data Bank," pg. BU 11, September 19, 2004 and www.savingsbond.gov, September 24, 2004.

Family Wealth

facts

Household Net Wealth (2001 medians)

Homeowners	\$178,494
Renters	\$4,997

Homeownership Rate (2003)

All households	68%
Under 35	42%
Over 55	81%
African-American	48%
Hispanic	47%

Sources: *State of the Nation's Housing 2004*, Joint Center for Housing Studies, Harvard University.

Savings Strategies

Building Wealth Through Home Ownership

Buying a home and faithfully making mortgage payments is the most effective way most Americans save and build wealth. About two-fifths of all household wealth represents home equity.

Some home owners, however, build wealth more effectively than others. Here are our top ten tips for building wealth through home ownership.

Tip 1: Clean Up Your Credit.

If you have run up large debts and have not paid them off on time, you probably have a low credit score. A score below 600, for example, will make it difficult for you to obtain a mortgage at reasonable rates. Clean up your credit by paying down loans and paying on time. The goal should be raising your credit score above 700.

Tip 2: Build Savings.

Savings will allow you to make a relatively large down payment on your house, thus reducing the size and price of your mortgage loan and private mortgage insurance. Savings will also permit you to afford moving expenses and any necessary post-purchase repairs.

Tip 3: Look for a Mortgage Loan Before Looking for a House.

Get qualified for a mortgage loan before you look for a house, condo, or co-op. That will give you some idea of whether you can afford to purchase a home and, if you can, at what price. That will also protect you against anyone who tries to sell you more home than you can afford.

Tip 4: Find a Good Real Estate Agent.

Consider hiring a buyer broker whose only interest is getting you a good deal. Ask friends for suggestions about good agents. Interview potential brokers about their real estate experience and about what they promise to do for you.

Tip 5: Hire an Independent Home Inspector.

To help ensure the house has no hidden problems, independently search for and hire a well regarded home inspector. This person should help

detect problems ranging from dry rot to defective plumbing to a leaky roof. They may persuade you not to buy or to negotiate for repairs or a reduced sale price from the seller.

Tip 6: Make Mortgage Payments Regularly and On Time.

Making these payments will help you build wealth and avoid costly penalty fees. If payments are missed, you could lose your home through foreclosure.

Tip 7: If You Have Payment Problems, Seek Assistance.

Keeping in mind that lenders lose money in foreclosures, inform your mortgage lender about payment problems and ask their assistance. Reputable housing counselors can often be helpful, as may a local non-profit credit counseling agency.

Tip 8: Be Cautious About Borrowing Your Home Equity.

Remember that your home equity is wealth. Be especially wary of uninvited loan offers you receive through the mail, by telephone, over the Internet, or on your doorstep. Remember that the most appropriate uses for home equity loans are major emergencies, home improvements, and education. Using your home equity to buy an expensive car or take a costly vacation is usually not wise.

Tip 9: Pay Off Your Mortgage Before Retirement.

Many families still making large mortgage payments cannot afford to retire. Once you make that last payment, your living expenses go way down, and you have a major asset you could sell or even convert into an income stream through a reverse equity mortgage.

Tip 10: Try To Improve Your Neighborhood.

The value of your house depends in part on the quality of your neighborhood – its safety, appearance, school quality, and related factors. Join with neighbors to try to keep this quality up. That will not only keep your house valuable, it will also make it a more attractive place for you to live.

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.*

When cleaning windows, use white vinegar instead of commercial products. You won't believe the shine or the savings.

SHELLY SERVICE
BROOKLYN, NY

If you are someone who drinks a lot of canned beverages, consider turning in your aluminum cans and other metal for scrap. Get a separate trash can to store them in. Wash them to avoid collecting bugs and crush them to save space. Scrap yards pay between 30 and 50 cents a pound for cans. They also take old aluminum siding, copper pipe, old machine batteries, etc. I call several scrap yards to see who has the best price at the time. It helps with the recycling effort, and I make a few dollars.

MATTHEW ALANDT
SOUTH EUCLID, OH

I switched from regular light bulbs to florescent light bulbs in my house, and my electric bill dropped considerably. They don't burn as bright, but they burn longer. I had one for two years before it finally went out. I'll never go back to regular light bulbs again.

ROBIN WELSOME MONK
CHARLOTTE, NC

When we paid off our vehicle last year, we continued to have the payment withdrawn from our checking account and transferred to our savings. We don't miss the funds, as we were used to having them applied to the car payment anyway. We used the extra money to plan our wedding.

JAMIE DENUNZIO
READING, PA

In our home, we find that we have had to use the air conditioning much less if we simply run the attic fan for about 30 minutes every night. It sucks up the warm air inside the house and, with the windows open a little, provides a nice cool temperature to fall asleep to.

PHIL JOHNSON
SHAWNEE, KS

Instead of buying cookies, try baking your own. Biscotti bought from a coffee shop cost \$2 apiece. A cookie jar full of biscotti costs less than \$4 if you make them yourself. Biscotti and other cookie recipes can be obtained for free off the web.

RON PERREMAN
CLINTON TOWNSHIP, MI

After Christmas, I save all of the cards people have sent to us. I carefully cut them in half and save the decorative fronts. The following Christmas, instead of buying expensive cards and paying the full 37 cent stamp price, I write a note on the back of the "postcard" and use a postcard stamp. I have done this successfully, and the Post Office accepts them.

JODELL LANGLEY
BONNER SPRINGS, KS

Don't eat out for lunch. Buy food to prepare and snacks from the grocery store, and try to buy in bulk whenever possible. At \$7 per day, you could easily spend \$140 per month on fast food. Meals of a similar size, if prepared at home, could easily cost half of that. Also, by the time you pay for three or four sodas during the week at a vending machine, you would have paid for a two-liter soda. Taking your lunch, drink, and snacks will even make your lunch hour more efficient. You won't have to wait in long lines at crowded restaurants, and you will save money on gas and parking expenses.

KENYA D. BORDERS
CHARLOTTE, NC

Send your savings tips to:

American Saver, c/o Consumer Federation of America, P.O. Box 12099, Washington, D.C. 20005-0999.

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.

Living on a tight budget, it's often difficult to save money. This is a painless way our family has found to save for gifts for birthdays, Christmas, Mother's and Father's Day. When making entries in our checkbook, we round up to the nearest dollar. For example, if the check was for \$25.15, we enter \$26. At the end of the month, we withdraw the excess amount and add it to the Holiday kitty.

ROBERTO AND CHARMIN LEÓN
CLEVELAND, OH

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 12099, Washington, D.C. 20005-0999; 202-387-6121 (phone); 202-265-7989 (fax); nregister@consumerfed.org.

American Saver Editor: Barbara Roper

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.

Arizona Saves is working with the Roosevelt School District in Phoenix to offer the Arizona Kids Save program to fifth graders in 56 schools. The campaign plans to offer quarterly training sessions throughout the state to reach out to Native American tribes.

Champaign County Saves (IL) has added several new partners to its working group, including Parkland Community College, and has recruited a number of volunteers from the local McKinley Toastmasters group to serve as motivational speakers. The campaign continues to make progress toward its goal of having ten host sites for its pilot program.

Charlotte Saves (NC) is planning its first Community Partnership luncheon, to be held in November with North Carolina Treasurer Richard Moore serving as the keynote speaker. The campaign is also working with the Financial Planning Association to celebrate "National Financial Planning Week" by offering workshops at public libraries. In addition, it is partnering with Junior Achievement to send the "Build Wealth, Not Debt" message to 10,000 Charlotte Mecklenburg School households.

El Paso Saves (TX) enrolled more than 750 Savers between January and September. The campaign is actively enrolling Savers through church fairs, League of United Latin American Citizens fairs, and Volunteer Income Tax Assistance sites.

In October, the state of Georgia will kick off a week-long campaign, endorsed by Governor Sonny Perdue, to raise savings awareness. The events, organized by **Georgia Saves**, will include "Count Up to Wealth," sponsored by the city of Columbus, "Roll Your Change Week" in the Cobb County School System, and Peer Financial Counselors workshops at the University of Georgia and other colleges.

Jacksonville Saves (FL) has formed partnerships with a number of Individual Development Account providers in Jacksonville.

New York Saves is in the process of establishing a statewide coalition and five regional working groups.

Northwoods Saves (WI) is making plans to participate in the national Roll Your Change event in October. Twenty-seven financial institutions have agreed to donate \$50 savings bond prizes for the local event.

Thirty-two **Okaloosa Saves** (FL) volunteers donated approxi-

mately 115 hours rolling, sorting, and counting \$9,919 worth of change during the campaign's "Roll Your Change" event in August. Events for the one-year anniversary celebration had to be postponed because of Hurricane Ivan.

Philadelphia Saves (PA) is approaching its year-end goal of enrolling 2,000 Savers, with more than 1,700 Savers already enrolled by September.

San Diego Saves (CA) launched its pilot program in September with the training of motivational speakers and wealth coaches.

Over 2,700 baseball fans received savings information at the second annual **Tennessee Saves** Night at the Chattanooga Lookouts baseball game. In addition to savings bond giveaways each inning, wallets and piggy banks were distributed along with a chance to win money in the "Money Machine." The event was featured in two newspaper articles and on four television stations.

Utah Saves held its first community-wide orientation, the Utah Saves Summit, in August. Held at the Federal Reserve Bank, the summit attracted close to 100 participants. The campaign held its first working group meeting in September.

www.AmericaSaves.org

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