

# American Saver

*You Can Build Wealth*

## Military Saves Campaign Underway

Working with the Department of Defense, America Saves has begun rolling out Saves campaigns for the military Services.

Navy Saves launched Service-wide in April. Army Saves launched in March at Fort Stewart. And Marine Corps Saves launched in early May at Camp LeJeune.

The programs are part of a Department of Defense campaign to improve the financial literacy of Service members and their families. The message of the campaign is that military readiness requires financial preparedness.

Although each Service is developing its own program with different implementation models, all include standard Saves features, such as motivational workshops, wealth coaching, and free financial planning. They also benefit from special resources the military can bring to bear, including commander communications, promotion in base publications, and special training days.

The military Saves campaigns also provide materials developed specifically for the military audience. These include pamphlets that offer advice on how to prepare for a lengthy deployment and savings tips that are unique to the military, such as the potential monthly cost savings of purchasing groceries at the commissary and gas at the base exchange.

"Through the military Saves program, we are able to deliver a positive message about the importance of personal finances and savings that capitalizes on programs such as the Thrift Savings Program," said John M. Molino, Deputy Under Secretary of Defense for Military Community and Family Policy.

"What makes these military Saves campaigns unique," said America Saves coordinator Nancy Register, "is support for them throughout the chain of command."

## CLEVELAND SAVER

# Budgeting For Financial Freedom

Sheri West has always been a big believer in saving. She understood the difference between a necessity and a luxury. And she was "always a person that saved for a rainy day."

Despite her best efforts, however, she still sometimes found herself coming up short at the end of the month. "I'd say, 'What happened? Where did my money go?'"

That was before she joined Daughters of Destiny, a membership group that promotes financial literacy for women, and through Daughters of Destiny learned about and joined Cleveland Saves.

They taught her about the importance of developing a budget. They also gave her a worksheet to use to keep track of how she was spending her money. "I just took that form and applied it to everyday life," she said. She also got help from a book called *God's Plans for Your Finances*, by Dwight Nichols.

Once she had her budget, she bought herself a little notebook, which she uses to write down every purchase she makes. If she buys a pack of gum, it goes in the notebook. "You have to keep a record," she said. And, although it took some getting used to, "it's like a habit now," she said.

"Since I've been doing a budget, I have everything in perspective," she said. "I know where my money is going." Whereas she used to sometimes come up short at the end of the month, "I don't have those problems anymore. I always have money set aside for different things. When I see

that I'm going over, I keep myself in check."

Since she's seen the benefits of budgeting in her own life, she has been sharing the message. "I tell everyone, 'That's the first thing you need to do is make a budget.' A lot of people don't want to do that." She said she can understand that. She didn't think she'd like it either. "Now, I really like doing it," she said.



*"You don't know where your money is going until you write it down."*

Sheri West

She's less patient with the people who say they don't need a budget because they already know where their money is going. "You don't know where your money is going until you write it down," she said.

When she joined Cleveland Saves, her goal was to save enough money to hire someone to help her in her business, running an adult family home. She's able to afford a part-time staff person now, and she hopes to be able to afford full-time help by the end of the year.

The biggest benefit, however, has been the sense of financial freedom she has gained, she said. "Something Daughters of Destiny and Cleveland Saves taught me is that you have to have a strong foundation if you want to be financially free. Having a budget, that's the foundation of being financially independent," she said.



## Financial Market

# facts

### April 2004

Money market account	0.46%
1-year CD	1.19%
5-year CD	3.13%

### U.S. Savings Bonds

EE Bond	2.84%
I Bond	3.39%

### Mortgage Rates

30-year fixed rate mortgage	6.07%
15-year fixed rate mortgage	5.40%
1-year adjustable mortgage	3.85%

**Sources:** *The New York Times*, "Data Bank," pg. BU 13, May 2, 2004 and [www.savingsbond.gov](http://www.savingsbond.gov), May 3, 2004.

## Family Wealth

# facts

### Average Household Consumer Debt

All consumer debt\* (2/2004) \$19,400

Credit card debt (2/2004) \$7,250

### Households Seeking Relief from Debts

Bankruptcy filings (2003) 1.6 million

\*Excludes mortgage debt.

**Sources:** Federal Reserve Bulletins, American Bankruptcy Institute.

## Savings Strategies

# Managing Consumer Debt

**R**oughly one in six Savers has selected paying off consumer debts as their wealth-building goal. That does not come as a surprise since, along with modest incomes, large consumer debts are the most important financial reason that people have trouble saving and building wealth.

The good news is that there is hope. With planning, discipline, patience, and maybe some outside help, almost anyone can reduce their debts and start to accumulate wealth.

### ARE YOU IN TROUBLE?

If you answer "yes" to any of the following questions, then you probably need to get your debts under better control:

- Can you only afford to make minimum payments on your credit cards?
- Do you worry about finding the money to make monthly car payments?
- Do you borrow money to pay off old debts?
- Have you used a home equity loan to refinance credit card debts, then run up new revolving balances on your cards?

### WHY TOO MUCH DEBT IS COSTLY

Borrowing more money than you can afford is costly in many ways.

Americans spend well over \$75 billion a year just on credit card interest and fees. That means that families who revolve credit card balances pay an average of \$1,500 a year in interest and fees. If they saved that \$1,500 in an account with a five percent yield, in 40 years they would have nearly \$200,000!

Taking on too much debt also lowers your credit score. That means you will end up paying higher interest rates on all your consumer and mortgage loans. A low credit score can also make it harder to rent an apartment, get utility services, and even get a job.

Too much debt isn't just expensive. People with lots of debt often say they lack peace of mind. They worry constantly about paying off debts and making ends meet. The stress of these worries affects their family life, work performance, and other areas of their lives.

### HOW TO REDUCE YOUR DEBTS

The first step in getting out of debt is to stop borrowing. To do that, you

have to stop spending more than you earn. So, make a budget and cut out any expenses you can. It may help to cut up your credit cards or lock them away in a safe place.

While you are making a budget, figure out the most you can afford to pay each month to reduce your debts, then make those payments without fail. If you have debts on more than one credit card, either pay off the card with the highest interest rate first and work your way down to the card with the lowest rate, or pay off the smallest loan first and work your way up to the largest.

Once you've paid off your debts, don't give in to the temptation to start over-spending again. Instead, take the money you were paying each month on your debts and begin to save it. That will give you a financial cushion the next time an emergency strikes.

### WHERE TO GET HELP

In most communities, there are agencies that can help you manage your debts.

The most helpful and most widely available are non-profit Consumer Credit Counseling Services (CCCS). CCCS counselors can work with you privately to help you develop a budget, figure out your options, and negotiate with creditors to repay your debts. Call 1-800-388-2227 to locate the office nearest you.

Some national credit counseling non-profits, who provide advice online or over the phone, can also be helpful. However, others charge high fees for little service, so be sure to shop carefully.

In many communities, Cooperative Extension offices offer workshops, home-study courses, and other services to help people manage their money, including their debts. Cooperative Extension offices are listed in the blue pages of the phone book under county government.

If your debts are too large, you may want to consider bankruptcy. Bankruptcy can give you a fresh start, but it is a serious step that can make it harder to get credit for years after you declare bankruptcy. Call your local Legal Aid or Legal Services office for advice. If you don't qualify for their services, ask them for a referral to a bankruptcy attorney.

# 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.

Take time out to review your cell phone calling plan. Review your package to see if you're utilizing available minutes efficiently and not paying plan overages. Shop around for the best package deals for yourself and family, but don't be too quick to transfer your cell phone to another company. You may incur a contract termination fee if the terms have not been fulfilled. If you decide not to transfer to another company, call your current company to see if they will give you "bonus" minutes for staying with them, especially if you have been a loyal customer for a number of years.

KENYA D. BORDERS  
CHARLOTTE, NC

Start using financial software to keep track of your income and expenses. By knowing where your money goes each month, you can then create a budget. My wife and I just started a few months ago, and now we're saving more than we thought we could.

RYAN HAYNIE  
TUCSON, AZ

I cut my dryer sheets in half. That way I get twice as many dryer sheets. I also use my used dryer sheets to dust with before I throw them away.

SUSAN WEBSTER  
NICEVILLE, FL

Just stopping in at the grocery store for a "few things" often turns into a much more expensive trip than planned. To guard against that, if you are going for a gallon of milk, take only the cash you need for that purchase and lock your wallet in the trunk

of your car. When you get inside the store, there will be lots of other items you might be tempted to pick up. If you are willing to go back to the car to get more money to buy it, you probably really do need it. Also, don't take a cart when you only intend to buy a few things. If you don't have a cart, you'll have to stop buying things when your arms are full.

LINDA HUYCK  
PERRINGTON, MI

I am constantly watching for full value rebates at national drugstore chains. They regularly have items that we use daily. Some months I am able to receive refunds amounting to over \$40- \$50 for toothpaste, skin care items, deodorant, etc.

J. MARELLI  
ALLISON PARK, PA

Whenever we use plastic sandwich or freezer bags, we rinse them out afterwards and place them in the freezer so they don't cause any mildew. Then just reuse them over and over again. You can keep an empty tissue container in the freezer to put them in.

MICHELLE BEALE  
CHARLOTTESVILLE, VA

Pay attention to when coupons expire for items you use. I've noticed grocery, discount, and drug stores will offer those items that have an about-to-expire coupon on sale. Therefore, you can purchase the item at a discounted price and get more money off the price because of the coupon. That's a great time to stock up. If the store you frequent offers double coupons, you're in even more luck. Every month, I manage to get certain items that I use regularly, such as soap, shampoo, canned soups, and juice boxes for less than a dollar and on some occasions free.

LISA IRWIN  
NORTH ROYALTON, OH

## 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.

My Internet service provider has a section called the opinion place. For 10 to 20 minutes of my time, I can fill out a survey and get money taken off of my Internet bill. I can do this twice a month, and I save an average of \$5 to \$10 a month on my bill. This really adds up at the end of the year.

JODELL LANGLEY  
BONNER SPRINGS, KS

## 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](http://www.americasaves.org).*

**Arizona Saves** has begun work on outreach activities for the state's Native American, African American, and Hispanic communities.

Charlotte Mayor Patrick McCrory has recently joined the advisory board of **Charlotte Saves**. The campaign has partnered with the public library of Mecklenburg County to hold Saves workshops at library branches. It has also begun planning for a statewide launch of North Carolina Saves.

**Chattanooga Saves** is concluding a series of education programs at 4-H Club meetings. Through the campaign, 760 elementary school children in Hamilton and Polk counties have set personal savings goals. A Tennessee Youth Saver from each county will be recognized at a minor league baseball game in June.

**Cleveland Saves** has begun working with the city's Department of Parks and Recreation and Public Service Department. Having enrolled more than 5,200 Savers overall, it has set a goal of enrolling 2,000 new Savers in 2004.

**Columbus Saves** (OH) is wrapping up its pilot project, which has enrolled 75 Savers, with a campaign launch planned for September.

**El Paso Saves** launched on March 15, with Rep. Silvestre Reyes in atten-

dance. Three local television stations and the major local newspaper all covered the event. The campaign has already enrolled more than 250 Savers.

**Indianapolis Saves** held a training session for new presenters and coaches in late April. The event was hosted by the Anthem Corporation, a large employer in Indianapolis that is offering Indy Saves to its employees.

**Kansas City Saves** has a new partner, Project EAGLE, which is one of the nation's first Early Head Start programs. Project EAGLE's Family Support Advocates staff will receive training as Kansas City Saves workshop presenters.

**Kansas Saves** made its debut in Finney County in late March at a Better Home and Better Living Show in Garden City at which it made more than 500 contacts. A major newspaper article before the event helped to introduce the program and create interest.

**Milwaukee Saves** is gearing up for the annual Milwaukee Money Conference in May, where it will offer a motivational workshop for all participants as well as a longer Saves seminar. The campaign taped an hour-long talk radio show, which was broadcast in late March and early April. It enrolled approximately 50 new Savers in April, bringing its total to nearly 225.

**New York State Saves** has begun forming a coalition that includes many key state level agencies and organizations. The first meeting is scheduled for late May.

**Northland Wisconsin Saves** is planning a campaign kickoff as well as media events for early this summer.

**Northwoods Saves** (WI) representatives taught about credit, budgets, and checking at a local two-year college and to two high school alternative education classes in March and April. More sessions for the high school classes are scheduled.

**Okaloosa Saves** (FL) held three "Debt No More in 2004" seminars in January and March.

**Philadelphia Saves** celebrated its one-year anniversary in April with more than 1200 Savers enrolled. Campaign coordinator Patty Hasson appeared on a *CNN Headline News* interview program.

**San Jose/South Bay Saves** launched its pilot program with two events in April that were attended by the mayors of San Jose and Gilroy.

More than 20 community organizations, financial institutions, and military bases have joined the working group of **San Diego Saves**.

**Utah Saves** has scheduled its first community-wide coalition meeting in May.

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

P.O. Box 12099  
Washington D.C. 20005-0999

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