

American Saver

You Can Build Wealth

Youth Enroll as Savers

Based on three years of pilot projects, America Saves has concluded that the most promising youth savings programs are sponsored by non-profit youth organizations.

In Georgia alone, nearly 4,000 teenagers have enrolled as Georgia Savers through high school and middle school programs organized by Future Business Leaders of America (FBLA) and by Family, Career, and Community Leaders of America (FCCLA). In Tennessee, about 2,000 youths have enrolled as Savers through 4H programs.

FBLA and FCCLA have partnered with dozens of financial institutions, which offer low- or no-balance savings accounts along with education about how to use these accounts. This summer, national staff of the two organizations will consider expanding the Georgia program to other states. In the fall, national officials of 4H will consider expanding its savings program to several states.

Local Saves campaigns have also established successful partnerships with local schools. Cleveland Saves has worked with several parochial schools, as well as Boys and Girls Clubs, to enroll nearly 500 youth Savers. Arizona Saves has partnered with the Maricopa County public schools and enrolled more than 300 Savers. Recently, Columbus Saves has worked with city high schools to enroll nearly 200 Savers.

For the past three years, America Saves technical assistance for these initiatives has been supported through grants from Genworth Financial.

GEORGIA SAVER

Saving for a Bright Future

Carmen Tarbush was already a step ahead of many high school students when the Family, Career, and Community Leaders of America (FCCLA) chapter at her school got involved in the Georgia Saves campaign. She already understood how tough things were for her mother financially, with four children, not much money, and a household to run.

"I had known that I needed to save beforehand," she said. But, like many of her peers, she hadn't really thought about how important it was to get started. Then, at a class introducing the Saves campaign, one of her teachers started talking about the things young people might want to save for – a car, college, being out on their own.

"That's when it hit me," Ms. Tarbush said. "College is going to come sooner than you think. I realized I really need to start saving or I'm just going to be stuck later on."

When she signed up at the start of the last school year, her immediate goal was to save enough money to cover the cost of the many trips she would need to take during the year as a state officer of FCCLA. By babysitting for her mother and doing jobs for her grandmother, she managed to save \$600 to cover the cost of her trips with more than \$200 left over to help pay family bills and to place in a college savings account.

"Whenever I got money, instead of spending it like I really wanted to, I would save at least half," she said. Instead of going to the movies, she and her family started renting more movies and "doing more stuff at home." When she went to the mall,

she'd either window shop or check out the sales rack.

At the same time that she signed up as a youth Saver, she brought home an adult Saver enrollment form for her mother. Her mother's now also signed up as a Saver, with a goal of getting out of debt. "We were just doing it together," Ms. Tarbush said, trying "to see how much money we could save."



"I realized I really need to start saving or I'm just going to be stuck later on."

Carmen Tarbush

Her brothers have also gotten interested, she said. And, although they are not signed up as Savers, they have started to put money aside. One benefit the close-knit family has reaped from its added savings is that it has money to keep in touch by phone with her older brother, who is stationed with his family at Fort Carson in Colorado and has recently returned from Iraq. "It's touched our whole family," she said.

As she starts her senior year in high school next year, Ms. Tarbush's main goal is to save for college. She's lined up a job at a child development center starting in the fall, when her less rigorous travel schedule will make it easier to hold a steady job. Although she plans to apply for scholarships, she realizes that she still needs to save a lot for college, she said.

Her advice to other young people is to "look at your future. You have to save for it now or you're going to be lost later."



Financial Market **facts**

July 2005

Money market account	0.67%
1-year CD	2.82%
5-year CD	3.74%

U.S. Savings Bonds

EE Bond	3.50%
I Bond	4.80%

Mortgage Rates

30-year fixed rate mortgage	5.76%
15-year fixed rate mortgage	5.36%
5-year adjustable mortgage	5.35%

Sources: *The New York Times*, "Data Bank," pg. BU 10, July 17, 2005 and www.savingsbond.gov, July 17, 2005.

Family Wealth **facts**

Youth with their own credit card or access to their parent's card **20%**

Youth who say their parents rarely or never discuss saving and investing with them **30%**

Youth who say their parents rarely or never discuss budgeting with them **47%**

High school senior scores on basic financial literacy test **50%**

Source: Teenage Research Unlimited. Youth and Money Survey. Jump\$tart Coalition for Financial Literacy.

Savings Strategies

Encouraging Young People To Save

Our society has many ways to encourage young people to become consumers. Over the last several years, America Saves has been developing ways to encourage young people to become savers.

As part of that effort, Georgia Future Business Leaders of America chapters have encouraged their participants to develop youth-related savings strategies. While those strategies are similar to ones promoted by local Saves campaigns directed at adults, there are important differences.

SAVINGS GOALS

One of the most obvious differences between adult and youth Savers is the type of savings goals they choose. For one thing, youth savings goals are more likely to be short-term than adults' savings goals. Also, most popular youth goals relate to purchases. These can include anything from buying a car and auto insurance to buying clothes, CDs, video games, and gifts for friends and family. However, many FBLA participants also suggested longer term goals, such as saving for college or for an apartment.

In comparison, the most popular savings goal for adult Savers is emergency savings. Debt repayment and home ownership are two other savings goals chosen by many adult Savers. Others have selected saving for retirement.

FINDING MONEY TO SAVE

Young people have the same basic options as adults for finding money to save – increasing their income or reducing their spending. However, the way they go about that tends to be very different.

FBLA participants suggested a number of ways to produce more income. These ranged from doing odd jobs around the house to doing odd jobs for neighbors to getting a part-time job.

They also suggested a number of ways to cut spending. These related to:

Food: Eat out less, including bringing your lunch to school. Spend less money at food vending machines. Drink less soda and more tap water.

Transportation: Spend less money on your car. Shop around for the best price on gas. Walk more and drive less.

Clothing: Don't buy clothes you won't wear.

Communications: Spend less time on cell phone calls. Buy fewer cell phone features.

Entertainment: Borrow books, CDs, and videos from friends.

Like adult Savers, FBLA participants agreed that they would spend less if they budgeted their income and set aside some of it to meet their monthly savings goal.

WHERE TO SAVE

Many FBLA participants said a good place to start saving is by putting loose change in a piggybank. Once they have set aside enough change, these coins can be used to open a savings account at a bank or credit union. Then, when the deposits in these accounts have grown, Savers who want to earn higher interest rates can move the money to a certificate of deposit (CD), a U.S. Savings Bond (now only available online from the Department of Treasury), or a money market fund.

These savings options are also popular with adults, particularly those who are saving for an emergency fund. But adults also have other savings options not generally available to young people, such as saving through home ownership and through workplace retirement plans.

By encouraging young people to become savers, America Saves hopes to help them establish a life-long habit that will help them avoid debt and build wealth.

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

No 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.

To save on utility costs, I find it helps to review the monthly bills for patterns of usage. I keep bills in a large notebook divided by utility with monthly receipts showing usage figures organized consecutively. I can read through the year's utility usage and compare month-to-month easily to see where and how to cut down.

RACHEL SKONEY
FAYETTEVILLE, AR

Cut the cost, in dollars and calories, when dining out. Share that huge entree with your companion. Share an appetizer too, if you want a little more. If your restaurant charges for splitting a meal, either go elsewhere or don't ask for an extra plate.

PATRICIA STEWART
TAYLORS, SC

I save three cents per gallon by purchasing gas for my car at my local discount store. I save even more by purchasing a gift card at the discount store and using the gift card to buy gas. The gift card allows me to budget my gas expenses and save at the same time.

LORA COOPER
STATESBORO, GA

Do as much as you can online. Instead of purchasing a card and then using a stamp, send e-cards. Use email to communicate with friends who live far away, because it costs less than paying long-distance phone charges. Since most public libraries have free computer access, you don't have to pay any electric or maintenance fees for the computer.

VALERIE MARTENS
ALEXANDRIA, VA

In order to keep from spending money that I don't have, I leave my credit cards at home and only carry cash. When you pay with cash you know that you have enough money to pay for what you are buying and you are more likely to spend less.

NANCY GONZALEZ
LONG BEACH, CALIFORNIA

Before buying a car rental company's collision or loss damage waiver, check with your own car insurance company and your credit card company to see if they cover car rentals and to what extent. It may save you up to \$15 per day.

MICHELE KOCOUR
PARADISE VALLEY, AZ

I boost my passbook savings account by saving a dollar a day in a clear canning jar. Each day I religiously stick a dollar in the jar. It might be a dollar bill or loose change. Then at the end of the month, I take the jar to the bank and make a deposit into my savings account. It's motivating to see the jar fill up throughout the month, and it's a fun learning experience for my four young children who have also adopted the same practice.

JOHN FERRIER
CENTERTOWN, MO

Check the Yellow Pages of the telephone book for local trade schools and community colleges that have dental or beauty schools for reduced rates on dental work or haircuts. Because they are teaching schools there is loads of supervision on the work that is performed.

PAT SCHROEDER
EASTON, PA 18042

If you have good credit, you will get a lot of 0% opportunities for balance transfers, etc. If your

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.

credit card will lend you money at 0% for a year, use it to pay off a portion of your higher interest mortgage. Be careful not to miss a payment or to charge anything else to that card, or huge interest will result. Be sure you can pay off the credit card in the time allowed. This can save you hundreds of dollars per year in interest. You must be extremely disciplined to do this.

CHRISTINE SCHENDZILOS
MILWAUKEE, WI

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

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.

Texas Saves launched its test pilot project in North Texas this spring covering Dallas and Fort Worth. The campaign hosted its first "Texas Saves Round Up," with financial partners on hand to provide free savings accounts and information on retirement accounts, as well as cake, gifts, and prizes. UICI Insurance Company of North Richland, Texas has adopted the campaign and designated May as "Building Wealth Month." Fannie Mae and the legal firm of Murray & Associates have joined the campaign as state partners.

Silicon Valley/South Bay Saves (CA) will be highlighting their Saves/Financial Literacy campaign at a Women in Technology Summit this fall. The summit is being held in collaboration with Silicon Valley Workforce Investment Network. The campaign has added two new community partners that serve low- to middle-income families and immigrants: Silicon Valley Economic Development Corporation and Center for Employment Training and Career Advancement Solutions.

North Carolina Saves is recruiting additional sites and supporters and getting volunteers trained in preparation for the official campaign launch in September. The launch will be part of the first Statewide Conference on

Financial Literacy and Asset Building. The launch luncheon will feature State Treasurer Richard Moore, who serves as Statewide Coalition Chairperson for the campaign.

New York State Saves is planning a large interactive exhibit at the New York State Fair including activities for all ages, three mini workshops per day, and an opportunity to enroll as a Saver. Coalition partners who also have a State Fair presence will distribute Treasure Maps directing fair-goers to the New York State Saves booth.

A special **Indy Saves** offering through partners at National City Bank has generated nearly 500 new Savers since April 1. National City Bank has adopted Saves into its local corporate culture and distributes Saves brochures to new customers.

Gadsden Saves will be holding a special event for young people in August in partnership with the Havana Learning Center, the Town of Havana, the City of Quincy Police Department, and the Gadsden County Sheriff's Office. Two groups will provide entertainment and games will be held.

Cleveland Saves enrolled more than 200 Savers in May, exceeding its goal for the month. As part of its "summer blitz," the campaign has mailed posters and brochures to more

than 400 partnering organizations and is scheduled to attend eight popular community festivals between July and September.

The Chattanooga area coalition of **Tennessee Saves** has held a number of events to enroll Savers. About 200 kids and adults made banks for the "Piggy Bank Pageant" held during the Bradley County Fair. The banks were displayed at local financial institutions, with some providing savings bonds as prizes for the most creative designs. McMinn County held a "Savespalooza" pizza and skate party for 4-H members who saved and deposited \$30 into a savings account. Hamilton, Polk, and McMinn counties have enrolled over 1,500 youth Savers, who saved over \$92,696 in five months.

Arizona Saves recently received a grant from State Farm to support its statewide efforts.

Air Force Saves has partnered with Okaloosa Saves to sponsor Build Wealth Week the last week of September. Air Force Saves is also presenting workshops and maintaining exhibit booths at the Defense Credit Union Council and Association of Military Banks of America conferences this fall to encourage participating financial institutions to join the Saves campaign.

www.AmericaSaves.org

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

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