Indy Saver

Saving by Intention

Joel Rolf had a long record of financial discipline before it ever occurred to him to think about saving. For roughly 15 years, he has faithfully set aside the first ten percent of his paycheck each month to give to church and charity. He has maintained that discipline despite the relatively modest living he earns as principal of a Lutheran school.

When it came to spending, though, he was “the typical American,” he said. He’d built up some credit card debt and had a tendency toward impulse buying. “If I needed a new tv, I went out and got one,” he said, without thinking much about what he could afford to spend.

The wake up call came when he received a copy of his earnings record from the Social Security Administration with its estimate of his expected retirement benefits. “I realized, this is not going to be enough money,” he explained.

At about the same time, a member of his church who was a volunteer with Indy Saves offered several savings workshops for members of the congregation. When he heard the Saves message he knew it was for him. “I said, this is the stuff we need to be doing, because otherwise we are going to be behind down the road.”

As a result of those workshops, “I started looking at saving as I did my giving,” he explained. “That has to be first, and it has to be intentional. I guess I just had never looked at saving the same way.”

He started having money deducted directly from his paycheck. “If I don’t see it, then I don’t have it to spend,” he said. To find the extra money to save, he and his wife started eating out less often. They also started approaching purchases differently. “You can’t just say, ‘Oh, I’m going to save money’ and expect that your savings will grow,” he said. “There’s a conscious thing. It’s a change in how you even look at shopping.” Now, if he needs a new tv, he thinks about what he can afford to spend and goes from there.

Joel Rolf

“I started looking at saving as I did my giving.”
Savings Strategies
Save Money on Car Purchases

Many consumers overspend on motor vehicle purchases and related financing, making it that much more difficult 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 new brochure, “America Saves on Car Purchases.” The brochure is available for free 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 can also be found on the America Saves website.

The brochure addresses the four key issues related to car purchases — whether to buy, what to buy, how to buy, and how to finance. It explains how to save for a larger down payment and includes an America Saves enrollment form.

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; and 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 loans. 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.
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.

Tracking all of my expenses in order to keep a handle on my spending was difficult, time consuming, and did not fit in with my hectic lifestyle. I always used the excuse that I was in a rush and therefore didn’t track everything. I have found it much easier to get receipts for all of my expenses and then, at the end of a week, pull them out of my receipt holder and add them up. This approach fits my lifestyle and gives me a much clearer financial picture from which to make decisions.

Bob Laura
Southfield, MI

When toothpaste, lotion, and gel get low, I cut off the bottom of the tube, slip the tube into a baggie, and get many, many more applications out of the tube. Same with lipstick. When the tube is low, use a q-tip to apply the color to your lips and get months of extra mileage.

Mary June Lathers
Plano, TX

Want to read all your favorite magazines but never subscribe? Want to see new and old VCR tapes and DVDs at no cost? Aging eyes welcome large-print books at no cost? Answer: your local or suburban library provides them all.

Jane M. Haney
Cleveland, OH

Buy clothes at a faith-based thrift store. Many clothing retailers donate stock overruns to these stores as a tax write-off. The clothes are usually in good shape, and you help out a worthy cause by being economical.

Christopher Berry
Hayden, AL

Instead of buying trash bags, use the supermarket shopping bags as garbage bags.

Shelly Service
Brooklyn, NY

When driving, avoid fast start-ups and stops. They will greatly harm the brake system when done repeatedly over the life of your vehicle.

Steven Strummer
El Paso, TX

For the last two years, I have grown herbs in container pots, mostly for use in my kitchen. They were so easy to grow, though, that I ended up with far more than I could use. Instead of throwing them out, I dried them, ground them up, and placed them in jars I had collected. Now, instead of spending $10 to $15 on gifts for people, I give them herbs from my garden that they enjoy all the more.

Jon Vosper
Phoenix, AZ

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
The newly formed Texas Saves campaign held its second working committee meeting in November to set goals for the coming year. The campaign plans to launch its pilot program in April to correspond with National Financial Literacy Month.

Tennessee Saves is filming a public service announcement in conjunction with Youth Savers at East Ridge High School. The PSAs will be aired on television stations throughout the state.

The sixth-month Okaloosa Saves (FL) “Teach a Child to Save” initiative came to a close in mid-September. More than 150 participating youths made 198 deposits into savings accounts totaling $15,857.91. In November, the campaign awarded savings bonds to six Okaloosa Savers in honor of the campaign’s one-year anniversary.

Northwoods Saves (WI) held “Roll Your Change” week in October. Activities included team competitions in area schools and drawings for newly enrolled Savers. Festivities concluded with an awards dinner with Savers, representatives of participating financial institutions, and a Wisconsin state representative in attendance.

The campaign kickoff for Northland Saves (WI) was held at the Superior community library in November with the County Board Chair in attendance. At the kickoff event, the campaign provided savings information both to organizations and to potential Savers.

North Carolina Saves held planning meetings within its three regions in November to develop regional plans and strategies. The campaign is planning for a statewide launch in the fall of 2005.

Gadsden Saves (FL) has partnered with Tallahassee Community College to offer savings workshops for both students and faculty.

Cleveland Saves has successfully completed its Second Annual Roll Your Change week. The event was held county-wide at 221 branches of 17 financial institutions. A total of 2,164 people deposited $142,934.92, for an average of $66.05 per person.

The National Extension Association of Family and Consumer Sciences Organization has given Chattanooga Saves a National Marketing Program Award. The campaign has recruited and trained members of the University of Tennessee at Chattanooga Students in Free Enterprise club to serve as wealth coaches.

Charlotte Saves (NC) held a fund-raising Community Partnership Luncheon in November, with the state treasurer as the keynote speaker. Having enrolled nearly 1,900 Savers, the campaign is well on its way toward reaching its goal of enrolling 2,004 Savers by December 21, 2004.

Calhoun County Saves (AL) has begun a new effort to get area churches to become Saves sites. They held a luncheon for area ministers at which they explained the Saves program and presented their campaign video.

Arizona Saves now has eight Arizona Kids Saves sites. These include the Roosevelt School District, which plans to integrate the Saves program into 56 schools. U.S. Bank has agreed to offer no-fee savings accounts to Arizona Savers. The campaign has enrolled 1,200 Savers.

Air Force Saves has formed a formal working group and held its first meeting in October. It is planning for a launch next Spring.