The Stephenson National Bank & Trust

Financial Solutions from Advisors You Trust

SNBT HOME

ABCs of Different Ways to Save

It's no secret that many households are pinching pennies these days. There are two ways to save: 'spend less' and 'save first.'

The first way, you 'spend less' on what you buy, then put money left over in savings. The second way, you set aside the money for savings *before* spending anything. If you're already cutting coupons, sale shopping, and cooking at home more often, you might be overlooking the 'save first' technique. The best part about 'save first' is that it's automatic. For most 'save first' options, you never see the money, so it's harder to miss. Here are the ABC's of some 'save first' alternatives:

Automatic Transfers. Many Americans with a savings account also have a checking account, and vice versa. Link your accounts together and set up an automatic transfer from checking to savings on the day of or the day after your payday. That way, the money you want to save will never appear in your checking account, making it easier to avoid temptation to spend. Start small, with amounts in the $25 - $50 range, then gradually build it to $100 - $150 as you find ways to cut your spending each month.

Budget. Perhaps the most important 'save first' technique is to figure out how much you can afford to put away each month. Add up all of your expenses for the month and make sure you have enough to cover them, then put away the savings *before* you start paying the expenses. That will help reign in impulse buying.

CDs. If you dip into your savings account on a regular basis it's hard to build up your savings. Make that money more difficult to access by placing it in a Certificate of Deposit account (CD) instead. CDs are federally insured (so you cannot lose the money, even if the financial institution is sold or fails) and mature after a specific period of time (usually one month to five years). Not only is it more difficult to withdraw funds from these accounts, most CDs earn much higher interest rates than savings accounts. **Check out our current rates.**

Direct Deposit. If you're not already taking advantage of paycheck deductions through your employer, start as soon as possible. Many employers offer direct deposit to their employees, and one option is to earmark a portion of each paycheck for a savings account, CD, or IRA. Even if you only save $25 each paycheck this way, that money will go directly into your savings fund. **Learn more about IRAs.**

To find the best way for *you* to save, **talk to a Personal Banker**. They'll be able to set you up with the right combination of financial products to help you reach your savings goal, whether it's early retirement or next year's vacation.