

SIMPLE WAYS TO START SAVING TODAY

Struggling with savings is more common than many people know - between 50-78% of Americans are living paycheck-to-paycheck. It can be daunting to save money when you're struggling to make ends meet on a regular basis, but with the right tools, you can budget and build your savings with a clear plan. Discover our most helpful tips for building your savings and creating a more stable financial future.



WHAT DOES IT MEAN TO LIVE WITH NO SAVINGS?

Life can be stressful if you don't have substantial savings and are truly reliant on your paychecks to meet your everyday needs and expenses, such as your food, housing, transportation and other living essentials. With limited savings can come a lot of uncertainty and building your savings can seem impossible when so much of your income is used as soon as it is available to you.

HOW TO START BUILDING YOUR SAVINGS

1. STARTING A BUDGET

CALCULATE YOUR INCOME

To **create a personal budget**, you should start by calculating your net income, or your take-home pay after taxes. If the amount on your paycheck fluctuates month-to-month or paycheck-to-paycheck, try and find the average amount of your paycheck in order to best estimate your funds available. Include any additional income you may have outside of your normal paycheck, such as Social Security or child support.

CREATE A LIST OF FIXED AND VARIABLE EXPENSES

Identifying your fixed expenses first can help you create your monthly budget since you can plan how you spend or save the remaining money available once you take your fixed expenses into consideration. If possible, plan to set aside a certain percentage of your monthly income for each of those expenses (for example, aim to spend less than 33% of your monthly income on your housing).

Your variable expenses will likely change monthly – these include groceries, transportation, gifts, etc. A good rule of thumb is to contribute 10-20% of your monthly income toward savings, so allocating this money after your fixed expenses can allow you to focus on your fixed spending later with your savings goals already met.

Want to make sure you're doing a good job of managing your finances? Use our Money Management Checklist below and see if you're taking all the steps you can to properly secure a more stable financial future.

Read the items below and answer them with either a yes or no response.

- | | | |
|-------------------------------------|-----------------------------|--|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | I have a checking account that is balanced once a month or reviewed regularly. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | I have a budget for saving and spending. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | I am on target with the savings portion of my retirement plan. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | I have at least 3 months' expenses set aside in a readily accessible account. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | When I receive a salary increase, I increase the amount going into my savings. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | I contribute to the retirement plan available to me by my employer. |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | I regularly pay off credit cards to avoid interest charges. |

If you answered **yes** to a majority of the questions, you're doing a good job of managing your finances. If you answered **no** to some, these are the areas you will can improve upon to keep your finances on track. If you answered **no to most**, we can help. Contact your local Seacoast branch.

2. ELIMINATE DISCRETIONARY SPENDING

When analyzing your current monthly spending, you may identify purchases that are not essential and that can be eliminated if need be - these are considered discretionary spending. Without a well-organized budget, you may not be aware of the number of discretionary purchases you make on a monthly basis.

Discretionary spending can include:

- Gym memberships
- Restaurant meals
- Movie/TV subscriptions
- Books, magazines and other media
- Concert tickets
- Travel costs
- Beauty/personal care products

While these purchases are considered non-essential, that doesn't mean they are not important to your life. You can find a balance between reducing your discretionary spending while still enjoying some of the small indulgences you enjoy in your life - just be sure to set aside money for your day-to-day essentials and your savings first, then set a strict budget for any discretionary spending after those needs are met.

TIP: Instead of eliminating certain discretionary expenses entirely, consider simply reducing that number. For example, subscribing to fewer TV services, going to a different (less expensive) gym, or eating out less often per week.





3. SET UP A SAVINGS ACCOUNT

Having a savings account separate from your primary spending account can help you mentally separate your budgeted expense money from the money you're trying to save, and the specific bank accounts you choose can have a significant impact on your ability to save effectively. When looking for a bank account, be sure to look at their fees - you may have a withdrawal limit or be required to keep a certain amount of money in your account in order to avoid unnecessary expenses. You may be able to avoid monthly fees if paperless banking is an option for you.

Additionally, many banks have accounts that automatically transfer a certain amount of money from your checking account to your savings account every month or **every time you make a transaction using your debit card**, so you don't have to think about setting it aside manually. Putting your savings on autopilot is a great way to overcome the mental challenges of having to transfer money manually from your account.

4. STAY PREPARED FOR EMERGENCIES

Unexpected expenses can happen at any time with little to no warning, and it's important to have savings set aside for all of life's emergencies, from hurricanes to medical expenses to losing your job. You should aim to have 3 months' worth of expenses payments set aside in order to cover all your expenses, from housing and utilities to groceries, to help you make it through difficult times.

CAN I PAY OFF DEBT/LOANS WHILE BUILDING MY SAVINGS?

It is certainly possible to [pay off your debt](#) while building your savings, but it is important to differentiate between your necessary debt payments and your early debt payments. Your top priority outside of your obligatory payments should be to build up your safety net, so when looking at your monthly allocations, commit to building up a level of savings before paying off your debts early. Once you're in a position to start paying down your debts, try and pay down the highest-interest debt first, since these can contribute to more money spent over time.

IS IT POSSIBLE TO HAVE TOO MUCH SAVINGS?

The FDIC limit on bank accounts is \$250,000 per person on your account, with an additional \$250,000 for each trustee, and that money is insured for up to those limits. Once you're in a position that you have a comfortable amount of savings, it may be time to consider working with a financial planner. A financial planner will help you put your money to better use than letting it sit in your savings account. Consider creating a retirement account, either a 401k or an IRA, and contribute as much as you can monthly.

THE TIME TO START SAVING IS NOW

Establishing your budget is the key first step to building your savings. Once you have a solid base by which to track and plan your expenses, you can set goals to save monthly and potentially increase those savings amount over time, opening doors to your financial future.

Want to learn more about how you can start building your savings? Connect with a Seacoast Bank expert today and discover how a Seacoast Bank account can help you reach your personal financial goals.



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