

# 7 Strategies for Developing Good Financial Habits

For many people, money is a source of stress. Fortunately, there is hope. Follow these seven simple tips to develop good saving habits that are essential to help you take control of your financial future.

## 1 Pay yourself first.

Transfer a certain percentage of your paycheck to your savings account each payday. You earned the money; keep some of it!

## 2 Save your tax refund and any work bonuses.

It's tempting to spend your tax refund or bonus as soon as it reaches your bank account; however, if you can, save it in a high-yield savings account so that it can accumulate interest and grow.

## 3 Cut back on your home expenses.

From transitioning to a less-expensive cable television package or mobile phone plan to reducing your monthly grocery bill, there are lots of ways to cut home spending. If you're not sure where to make cuts, create a list of your discretionary spending, including meals out, gourmet coffee, new clothes, etc. Little things like making your own coffee or shopping at outlets can add up to big savings.

## 4 Set a savings goal.

Whether you wish to save enough to cover three months' expenses or for a down payment on a new home, it's helpful to have a number in mind that can be broken down into smaller, more manageable increments. Keep motivated by signing up to receive emails from your bank with your account balances.

## 5 Turn saving into a game.

If you and your significant other or friend need competitive motivation to save money, create a game to see who can save the most each paycheck or each month.

## 6 Put extra cash or change into a jar.

Instead of letting change accrue at the bottom of your purse, on the kitchen counter or in your pockets, toss it into a large jar. Although it may seem insignificant, you may be surprised by how much you can save.

## 7 Make saving a habit.

Set up a reminder on your phone or place a sticky note on your calendar to remind you to save money. While it may take a month or two of focus and constant reminders to remember to save, it can become a habit that will pay off for years to come.





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# 5 Situations Where You Need an Emergency Fund

It's easy to forget to put money into an emergency fund until circumstances make one essential. Below is a list of the most common situations where having an emergency fund may prevent financial stress and keep you from going into debt.

## 1 You or your spouse loses a job

A job loss can happen to anyone at anytime. Regardless of the circumstances behind the redundancy, it's crucial to have enough money in savings to cover your expenses for three to six months. This will keep you current on your bills while you cut back on expenses and find new employment.

## 2 Emergency medical or dental bills

Even if you have health insurance, emergencies, unexpected expenses and high deductibles can put you in a financial rut if you don't have enough money saved to cover the bill. A healthy savings account can help you through when you're not at your best.

## 3 Unexpected home or vehicle repairs

Repairs are inevitable, regardless of the age of your home or vehicle. Although homeowners or renters insurance and vehicle warranties may pay for many repairs, they don't cover everything. For those situations, it's helpful to have a stash of cash to pay for unexpected maintenance or repairs.

## 4 Tax-time surprises

The only time most people think about taxes is in April when they're due. While some people eagerly plan what they'll do with their refund, others are surprised with a tax bill that is much higher than what they had anticipated. Having the money in savings to cover the bill can help defray the financial shock.

## 5 Last-minute travel

No, we're not talking about a great deal to Fiji. This kind of travel usually involves an ailing loved one, a funeral or other family-related emergency where you need to get somewhere fast. Having cash on hand to pay for the trip will prevent you from accruing credit card debt.

Tally your unexpected expenses from last year and divide by 12. Put this amount aside each month.

# Fun Ways to Encourage Children to Save

*(that may also work for grown-ups, too)*



**Set goals.** Have your children save for the expensive items they want. Not only does this teach them the value of saving, it also teaches them to delay gratification, which will come in handy when they're old enough to apply for credit cards.

**Make it a competition.** In homes with multiple children, create a competition that challenges them to save money. Sweeten the deal by promising a savings reward for the winner.

**Institute a matching program.** For every dollar your children save, match it with a percentage of your own money.

**Give each child three piggy banks.** Dedicate one piggy bank for saving money, one for spending money and one for sharing. Every time they get money, have them divide the cash into these three banks.