

# 4 excuses

THAT KEEP YOU FROM  
SAVING MONEY



By Nicole Dow | [MoneyTalksNews.com](https://www.moneytalksnews.com)

Saving money can be a struggle. Our present spending takes priority over putting money aside for the future. There's always one reason or another why we can't save more, but that doesn't mean you'll be doomed to have puny savings forever. Here are a few common roadblocks that prevent people from saving money – and the solutions to get past what's holding you back.

Chances are you can relate to one – or more – of these common savings roadblocks. Time to leap over these money hurdles.

## ROADBLOCK NO. 1: THERE'S NEVER ENOUGH MONEY LEFT OVER TO SAVE

If you're waiting until the end of the month to save whatever you haven't spent of your paycheck, you're doing it wrong.

Make saving money a priority by paying yourself first. When you get paid, make it a habit to deposit money into your savings account before you pay bills or go shopping. Better yet, adjust your direct deposit so a portion of your paycheck goes automatically to your savings account.

To figure out how much you can realistically afford to save, you've got to create a budget. By tracking your spending, you'll see how much of your paycheck is going toward needs, what is going to nonessentials, and where you can cut back in order to carve out funds for saving.

Even if you're only able to save a little each month, getting in the habit of regularly putting money aside each time you get paid will help your savings increase.

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## YOUR QUESTIONS ANSWERED

**Tina Anim**  
The Village Financial  
Resource Center

**Q: I wasn't laid off during the pandemic, so didn't really need the economic stimulus payments like some people. What's the best way to put this extra money to use?**

**A:** If you are fortunate enough not to be experiencing any financial stress during these challenging times, I have a few suggestions on how to make the most of your stimulus check.

## BUILD AN EMERGENCY FUND

If this pandemic has taught us anything, it is that things can change in the blink of an eye. To have peace of mind and some stability in uncertain times, it is important to stash away an emergency or rainy-day fund. This can help lessen the impact of an economic setback. Ideally, you should have **at least three to six months' worth of living expenses set aside** in a savings account for this purpose. The stimulus check could be a welcome addition to your emergency fund or even a good start to creating one.

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# YOUR QUESTIONS ANSWERED CONT.

## PAY DOWN HIGH INTEREST DEBT

If you are comfortably covering regular expenses, then pay down some of your higher interest rate debt. While interest rates typically are low for student loans, mortgages, and bank savings accounts, the rate on most credit cards is above 15%. You can free up funds by **paying down credit card debt**. Paying off the entire balance means you will also be getting rid of a monthly expense. This will save you more money in the long run.

## PAY DOWN YOUR MORTGAGE

Every little bit you put toward the **principal of your mortgage** helps reduce the amount of interest you pay in the end and may even help you pay off your loan early.

## PAY YOUR INSURANCE PREMIUMS

Some insurance policies like life insurance, homeowner's insurance, and auto insurance may offer a significant discount if you **pay in full upfront**. Paying a bill or two in advance will free up additional funds for you.

## SAVE FOR RETIREMENT

Putting away money for retirement is always a great idea. If you are in a healthy financial position, you may want to consider **contributing to an IRA**. The annual IRA contribution limit for 2021 is \$6,000 (or \$7,000 for those 50 years and older), so you can put your entire stimulus check in an IRA if you do not need it. You have until Tax Day 2022 to invest in an IRA for 2021, but the sooner you invest, the more time your money will have to grow. Consult a financial advisor who can help you decide the best strategy for your money.

## DONATE IT

If your job is secure and your finances are in order, you can use your stimulus check to **help those who are less fortunate**. You may be able claim a portion of your donation as a tax deduction. Talk to a tax expert before making donations if you are unsure about the tax implications.

You have access to **FREE** Financial Counseling through your Village EAP! Call **1-800-627-8220** to schedule.

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### ROADBLOCK NO. 2: SAVING MONEY JUST ISN'T FUN

We'll admit it. Saving money isn't the most exciting task out there. When saving feels like drudgery or punishment, it's hard to stick to your plans.

One way to make it easier is to come up with SMART goals, ones that are Specific, Measurable, Attainable, Relevant and Timely. Having a SMART savings goal establishes a sense of purpose for saving and helps you see your way to reality.

Saying "I want to save up for a trip in October by putting aside \$200 each month" will encourage you to save. Simply stating that you want to save more money, placing no urgency or specific action behind it, makes it easy to fall off the wagon.

Another way to make saving money more engaging is with a money challenge. Gamify the process of saving money through challenges such as the 5-dollar challenge (stash away every \$5 bill you receive as change) or the 52-week challenge (save \$1 in week 1, \$2 in week 2, \$3 in week 3, and so on, up to \$52 in the last week for a total of \$1,378). Recruit a money buddy to do the challenge with you for even more encouragement to save.

### ROADBLOCK NO. 3: I ALWAYS END UP TAPPING INTO MY SAVINGS

You aren't going to be successful at saving if you put money aside only to turn right around and spend it. Sure, the money you save up is eventually meant to be used. Eventually. The problem occurs when you aren't able to place boundaries on your savings.

Separating your savings from your main checking account can help. You don't want it to be easy to transfer money out of your savings.

Deposit your savings in a separate account that you won't easily access. If you've got a debit card for that account, shred it. Consider putting your money in an online-only bank rather than the financial institution that's right around the corner from your house.

You may even want to open multiple savings accounts, so you can separate your emergency fund from other savings. You can further divide your other savings for different purposes – like saving for a house versus saving for vacation.



### ROADBLOCK NO. 4: I CAN'T AFFORD TO SAVE BECAUSE I LIVE PAYCHECK-TO-PAYCHECK

When your income just covers your expenses, the best option may be to increase your income.

Consider picking up a side gig or two and committing that additional income to your savings. Or make the case with your boss for why you deserve a raise.

Switching jobs to land a better-paying position is another option. Be sure to negotiate your salary to get the best offer.

With your new income boost, make sure you don't give into lifestyle inflation. Keep spending as you did previously and put your extra money into savings.

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