

American Saver

You Can Build Wealth



Savers Roll Their Change

This fall, Cleveland Saves completed its most successful Roll Your Change Week ever.

More than 2,000 Cleveland area residents deposited over \$160,000 in change in savings accounts at more than 300 branches of 12 banks and six credit unions.

The Cleveland campaign developed Roll Your Change promotional fliers and entry forms to win a \$1,000 U.S. Savings Bond. These were distributed and promoted by participating banks and credit unions.

Ohio Savings Bank was the bank with the most change deposited as part of the campaign, and Greater Cleveland Firefighters Credit Union was top among credit unions. U.S. Bank had the largest number of deposits.

Inspired by the example of Cleveland Saves, the Nashville area coalition of **Tennessee Saves** and **Columbus Saves** (GA) both held their first Roll Your Change events last year. **Columbus Saves**, which offered its event at five downtown sites, is already planning to expand its event city-wide next year.

Americans hold more than \$13 billion in loose change. That averages out to nearly \$90 per household.

When Cleveland Saves first developed the Roll Your Change campaign concept, the goal was to provide an opportunity for all Cleveland area residents to save money, no matter what their income.

"What makes this effort so exciting is that it meets the interests of people taking money already saved and making it work for them with financial institutions looking to increase deposits through an organized effort," said George Barany, a founder of Cleveland Saves and an originator of the Roll Your Change campaign.

SILICON VALLEY/SOUTH BAY SAVER

Practicing What He Preaches

Herman Vasquez was working at the non-profit Center for Training and Careers, Inc. three years ago when that organization became a partner in the early planning for a Silicon Valley/South Bay Saves campaign. Attending meetings on CTC's behalf, he took a quick interest in the campaign's message that anyone can build wealth. "I became interested because I had been wanting to get out of debt," he said.

What turned interest into action was the invitation to sign up as a motivational speaker for the campaign. "Before, I pretty well balanced my checkbook and paid my bills, and that's it," he said. He wasn't paying off his credit card debts, and he wasn't setting aside money for the future, he said. Hearing about the Saves campaign and going through the speaker training convinced him he could do better. "So that's what got me going," he said.

His first step was to develop a real, written financial plan. "To me, you need a plan in life, and not just up in your head. You need it in writing," he said.

The first goal he set was to get out of debt, which he hopes to accomplish by next year. After that, he plans to buy a piece of investment property — a duplex or something similar to generate income. In five years, he hopes to own three pieces of property.

He keeps the money he is saving for these investments in a separate savings account that he won't be tempted to touch for regular living expenses. He also has separate accounts where he is setting aside money for his eventual retirement

and to be able to leave something to his children. "I'm not out of debt yet," he said, "but I'm a lot better saver, I'll tell you that."

To keep himself on track, he keeps his financial plan, along with a budget, and all his bills in a binder on his living room coffee table. Every time he writes a check, he sees it. That gives him the discipline to keep to his plan, he said.



"You need a plan in life, and not just up in your head. You need it in writing,"

Herman Vasquez.

One place he found money to save was by cutting back on his shopping. "I love shopping," he said. "I love clothes." With a closet full of nice suits and shoes, he decided not to buy anything but necessities for a number of years. He tries to apply a similar discipline to food shopping, by using a list and cutting out the things he doesn't need. Another area he found to cut back on his expenses was dinners out with friends, which had been a twice weekly event. "I just told them I'm on a strict budget right now," he said. "That was a biggie for me."

Saves "just gave me that incentive to do that," he said. Now, he gives presentations for the Saves campaign once or twice a week. "I love it," he said. "When I make a presentation, it just solidifies me more. It gives me more discipline, more strength, more energy. I think, 'Hey, you better practice what you preach.'"



Financial Market

facts

January 2006

Money market account	0.77%
1-year CD	3.28%
5-year CD	3.92%

U.S. Savings Bonds

EE Bond	3.20%
I Bond	6.73%

Mortgage Rates

30-year fixed rate mortgage	6.27%
15-year fixed rate mortgage	5.28%
5-year adjustable mortgage	5.78%

Sources: *The New York Times*, "Data Bank," pg. BU 11, January 8, 2006 and www.savingsbond.gov, January 11, 2006.

Family Wealth

facts

Participation in 401(k)-type Plans

Percentage of workers age 21-64 participating in a 401(k)-type plan (2002)	30.9%
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Mean contribution of those making a contribution (in 2001 dollars)	\$3,300-\$3,500
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Percentage who make the maximum allowed contribution	5.6%
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Average account balance for workers age 21-64 (2002)	\$ 33,647
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Median household wealth

Americans 21 and older (2001)	\$ 73,708
With a retirement account	\$171,225
Without a retirement account	\$ 41,117

Source: Employee Benefit Research Institute, *EBRI Notes*, January 2005, Vol. 26, No. 4 and May 2004, Vol. 25, No. 5.

Savings Strategies

Making the Most of Your 401(k) Plan

Recent announcements by IBM and Alcoa that they are replacing their traditional employee pensions with 401(k) plans provides the latest evidence that do-it-yourself retirement saving is here to stay.

That puts added responsibility on workers, since 401(k) and other "defined contribution" plans generally require workers both to make their own contributions to the accounts in order to receive matching contributions from their employer and to make their own decisions about how to invest the accounts.

Although this can seem intimidating, there are a few simple steps you can take to help make sure that you make the most of your workplace retirement plan.

1. Participate in Workplace Retirement Plans

Find out if your employer offers a 401(k) plan or other such defined contribution retirement plan. If you aren't already enrolled, do so immediately.

If you are just getting started in your career, don't make the mistake of thinking you'll have plenty of time later to fund your retirement. Consider this example: an employee who starts setting aside just \$100 a month when they are 21 will have over \$191,000 saved when they retire at age 65, assuming they earn five percent a year on their investments. In contrast, a worker who waits until age 40 to begin would have save nearly \$350 a month to achieve the same result.

Don't let the prospect of having to decide how to invest your retirement money scare you off. Just participating is more important than selecting the perfect investments. Also, many plans today include "lifestyle" mutual funds, with investment styles designed to match the age and expected retirement date of participants.

2. Take Advantage of Any Matching Contributions

Many employers offer to match employee contributions, up to a certain percentage of the employee's salary. If your company matches contributions, and you can afford to take advantage of the full match, do so. Life doesn't offer many opportunities to get a guaranteed 100 percent return on your investment, but this is one of them.

3. Gradually Increase Contributions

Remember, when you are getting started, no contribution is too small. Even if you only set aside one percent of your salary in a retirement plan, that's an important start. But over the long term, you'll almost certainly need to do more.

One way to build your savings is to increase the amount of your salary that you save each year by one percentage point. If you can time the increase to coincide with an annual raise, you probably won't even notice the change.

Some plans let you choose to make automatic annual increases in your contributions, up to a certain percentage set by you. If your plan offers this option, consider taking advantage of it. That way, you won't have to remember to make the change each year.

4. Rebalance Your Investments

When you enroll in a retirement plan, you choose how much of your money will go into different asset classes, such as stock mutual funds, bond funds, and cash accounts. Different investments will perform well in different years, however, throwing the asset allocation of your account out of balance over time. It is important to go back periodically and move money between funds to restore your original asset allocation (assuming that allocation is still right for you). Some plans offer the option of automatic rebalancing, which saves you the hassle.

5. Don't Bail Out Too Soon

Along with starting early, sticking with it is key to retirement saving success. One of the mistakes many people make is to cash out of their retirement accounts when they change jobs. Research by the Employee Benefit Research Institute shows that it typically takes 13 years or more of contributions to an account before you begin to reach a level of savings that is enough to fund a number of years of retirement as a supplement to Social Security. So be sure to roll over your account if you change jobs.

If you are approaching your planned retirement age and your savings fall short of what you need, keep working. After all, it is better to keep working than to run out of money in mid-retirement. Besides, every added year you work is one more year of saving and one less year of living off your savings — a double bonus.

A Quarter **Saved** is a Quarter **Earned**

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.

My car loan was financed by the credit union. Payments were made via payroll deductions. When the loan was paid in full, I continued the payroll deductions. Only now it goes into a savings account. I save \$400 monthly with no extra effort.

ROBERT E. SCOTT
KANSAS CITY, MO

I have to spend a good deal of money for my job for travel, equipment, etc. It is all reimbursed very quickly. Instead of spending money right out of my bank account, I have a dedicated work credit card that gives me a \$25 gift card to a major retailer for every \$2,500 I spend. I then save those \$25 gift cards and have bought furniture, holiday gifts, and other useful items. I only use the card for work expenses, and so I am able to pay it off in full each month.

HILLARY BAKER
SAN FRANCISCO, CA

Shopping off season is a great way to save money. Call the manager of your favorite store and ask when is their seasonal sale. During these sales, the store must sell seasonal items to make room for the new merchandise. I just took advantage of a clearance sale at a major department store. This store had a \$1 sale on out-of-season merchandise. I purchased shorts, tank tops, capris, jeans, and even shoes all for \$1 each. The original prices for these new items ranged anywhere from \$15 to \$55.

BRIDGET JONES
MONTGOMERY, AL

If you have a retirement plan at work (i.e., 403b, 401k) put in a percentage of your salary to save rather than a dollar amount. As you receive pay increases, you will automatically be saving more.

MARGARET STRAUB
SYRACUSE, NY

My most creative and healthy saving tip is to save money and calories by getting free water at restaurants.

ORLANDO PEREZ
PERTH AMBOY, NJ

Each week, I stop at the local Dollar Store before heading to the supermarket. I save a bundle by first purchasing any items on my shopping list there (especially products like paper towels, toilet paper, light bulbs, trash bags, etc.). I have cut my grocery bills in half by doing this.

VERONICA KEGEL-COON
BRYN MAWR, PA

I recently had a new baby and take tons of pictures. I've gone digital to save on the cost of film and processing. I sign up for different internet digital picture processing sites. They will often print your first 10-20 pictures free just for trying their service. Many mail them directly to your home or let you pick them up at a local drug store free of charge.

DANIELLE FOCHS
TUCSON, AZ

Begin consigning your items, such as clothes, furniture, etc. and buy at second hand stores.

TIHESHA SCOTT
DARBY, PA

Whether I'm using air conditioning or heat, I close off rooms (including closets) that will sit vacant for hours to keep the total energy cost low.

TERESA AMBORD
ANDERSON, CA

Send your savings tips to:

American Saver, c/o Consumer Federation of America, P.O. Box 65686, Washington, D.C. 20035-5686.

If we select your tip for publication, we will send you a \$50 EE Series Savings Bond (initial value \$25). Please include your name, mailing address, and phone number so we can contact you to arrange for your savings bond.

Do you enjoy those flavored creamers to add to your coffee but are unwilling to pay the price? I found an easy and inexpensive, however delightful, solution. Take a can of sweetened condensed milk, mix with water, vanilla flavor and some cinnamon. Shake well. This makes 1 liter. What a savings!

BERNADETTE WEST
TUCSON, AZ

American Saver

American Saver is the quarterly newsletter of the America Saves campaign, a national program to encourage and assist Americans to save and build wealth more effectively.

The campaign is coordinated by the non-profit Consumer Federation of America (CFA), supported by national foundations, and advised by dozens of non-profit, government, and business groups. A generous grant from the New Century Financial Corporation supports the publication and distribution of the *American Saver*.

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 65868, Washington, D.C. 20035-5686; 202-387-6121 (phone); 202-265-7989 (fax); nregister@consumerfed.org.

American Saver Editor: Barbara Roper

News

FROM LOCAL CAMPAIGNS

Note: This is not an exhaustive list of the activities of all America Saves sites, but rather a sampling of activities from several of the local campaigns. For a more complete list of America Saves campaigns, be certain to visit our website at www.americasaves.org.

Utah Saves had a successful statewide launch in November, with Governor Huntsman, members of the state legislature, and representatives of the business community participating and signing up as Savers. A recently launched radio and television ad campaign has led to the enrollment of 300 new Savers. The campaign is establishing Saves sites at 12 state agencies and the University of Utah.

Working with **Texas Saves**, Dallas Mayor Laura Miller declared October 20 "Get Smart About Credit Day" in Dallas. Campaign volunteers spoke to high school seniors about saving and debt management and enrolled 100 women as new Savers at the Texas Conference for Women hosted by Governor Rick Perry and First Lady Anita Perry. Texas Comptroller Carole Keeton Strayhorn issued a proclamation in support of the campaign.

Tennessee Saves recently added Meigs County to the **Chattanooga** area coalition. Four **Hamilton County** coalition members shared information about their campaign activities at the recent National Urban Extension Symposium in Dallas. The **Nashville** area coalition held its first Save Your Change Event in October, with six financial institutions participating. Approximately 100 people visited the exhibits, and 25 had a total of \$3,942.22 in change counted by a machine donated by Ellsworth Systems, LLC.

San Diego Saves is training Earned Income Tax Credit volunteer tax preparers. They will introduce their clients to the savings campaign and encourage them

to save part of their tax refund. San Diego Saves is receiving strong support from both San Diego National Bank and National City Bank.

Okaloosa Saves (FL) has put up six billboards promoting the campaign's "Build Wealth, Not Debt" message. The campaign continues to work with Eglin Air Force Base on the launch of **Military Saves**.

Northwoods Saves (WI) presented 22 workshops, taught eight high school classes, and provided 41 individual and family counseling sessions in 2005.

North Carolina Saves held its official statewide launch in September as part of the state's first Conference on Financial Literacy and Asset Building. Campaign chairperson and State Treasurer Richard Moore kicked off the campaign, with more than 350 people in attendance.

New York State Saves convened two meetings with Buffalo-area banking, business, and community leaders to begin establishing the first localized campaign outside of New York City. The campaign is working on new print materials to be used in target marketing the campaign statewide as a prelude to a planned 2006 launch.

Eglin Air Force Base is designating February as **Military Saves** month with the theme, "Have a Dream, Set a Goal." More than 50 "key workers" are being trained to act as site managers for their units. The base-wide coalition plans to support the site managers' efforts with a kick-off luncheon, a Department of Defense sponsored Financial Fair, and marketing tools.

Kansas Saves is running an introductory January Campaign. Led by participating Cooperative Extension offices, 26 Kansas communities have elected to organize a first-time local campaign.

Faith Saves has received a new two-year grant from the Heinz Endowments. The campaign enrolled 50 new Savers in the last quarter of 2005.

Columbus Saves (GA) is holding its second annual Columbus Saves Week in January, featuring presentations at work sites, community centers, and public libraries. The campaign also held its first ever Roll Your Change Week in October, with five downtown business sites participating. Thirty-six people deposited \$4,300 in change during the week, and 29 of those signed up as Savers.

Charlotte Saves is holding its Second Annual Community Partnership Luncheon in January. Guest speakers include North Carolina State Treasurer Richard Moore, North Carolina Commissioner of Banks Joe Smith, and State Senator Robert Pittenger, as well as Charlotte Saver Gloria Jefferson.

Cleveland Saves is gearing up to participate in Cleveland's Earned Income Tax Credit campaign. It has created a brochure and will provide workshops with a goal of encouraging people to save a portion of their tax refund.

Arizona Saves has received the Neighborhood Builder Excellence Award from Bank of America. The campaign received a grant, plus training for senior management on strategic planning and capacity building.

www.AmericaSaves.org

Washington D.C. 20035-5686
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