

## Tips to save money: *Find extra money each month, no matter the budget*

The following tips can help military families take control of their finances and save money ... especially in a struggling economy.

### Set Goals

Figure out where you want to be financially next month, next year, and in 20 years. Where you want to go will determine how you will handle the remaining steps.

For example, if you want to retire early, you will need to add extra money to a retirement account. Those increased contributions will then have a continuing “trickle down” effect on the rest of your spending.

Once you have your financial goals, use them as a baseline for the rest of your financial plan.

### Create a budget

The key part of a budget is having the discipline to stick to it.

Don't over or underestimate your income or expenses, and be sure to include every regular expense, including those you pay annually, biannually, or quarterly (such as auto insurance).

### Pay yourself first

You “pay yourself first” by putting money aside for the future before handing it over to someone else. Two ways to do so are:

- » **The Thrift Savings Plan (TSP)**—The TSP has several advantages: it reduces the amount of taxable income you have since the money is taken out before taxes; it takes advantage of compounding interest so you will have more money later; and it can help ensure you don't have to work into your golden years.

- » **An emergency savings account**—Set aside money so you don't have to put, for example, car repairs on a credit card. Aim for \$500 to two-months take-home pay.

### Save on insurance

- » **Shop around**—Visit a site that offers several quotes, or call around to find the best rates.
- » **Increase deductibles**—Going from a \$500 to a \$1,000 deductible can reduce your payments significantly. But keep it at a level you can afford if you file a claim.
- » **Use the same company**—Almost all insurance companies offer discounts to those who have multiple policies with them (e.g. auto and home).

### Cut the extras

Small purchases here and there may not seem like much, but they add up:

- » A \$2 coffee five times a week adds up to \$480 a year
- » Eating lunch at a fast food place twice a week is nearly \$700 a year
- » A \$30 meal at a restaurant once a week is more than \$1,500 a year

Find a way to eliminate these expenses or replace them with something less expensive. For instance, making your own coffee still gets you the caffeine without the cost of a fancy coffee shop.

### Break the debt cycle

If you have too much debt, a debt consolidation loan can be an effective solution. The monthly payment may be more than a minimum credit card payment, but the loan will be paid off in a matter of months, whereas a credit card can take years to pay in full.

Make sure, however, the loan is necessary and only get what you actually need. Setting a debt threshold is a good idea (one rule of thumb is a debt ratio—all debts divided by take home pay—of less than 40 percent).

### Keep tabs on your credit report

Your credit history shapes a great deal of your life: interest rates on loans and credit cards, insurance premiums, even your security clearance.

Check your credit report at least once a year at [www.annualcreditreport.com](http://www.annualcreditreport.com). Note that this is the only site legally able to give you free copies. Other sites have been noted for fraud and charging you a fee.

Once you get your copy, dispute any accounts that aren't yours, as well as negative items more than seven years old. Then keep track of it each and every year to make sure it's accurate.

### Get started!

None of these tips will matter if you don't put them into action. Just remember that if you are having financial problems, you probably didn't get in them overnight, so it will take time, a period of adjustment, and a true commitment to making a change in order to fix the problems.

But just like anything worthwhile, it will be time well spent.

For more financial education information, visit [PioneerServices.com](http://PioneerServices.com).

For loan information visit [PioneerMilitaryLoans.com](http://PioneerMilitaryLoans.com).



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