

K-State Research and Extension News for February, 2022

It Can Be Easy to Save Money

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Finding money in our budget to set aside for savings can be difficult. Many times it may seem that we have too much money at the end of our month and setting aside funds for a rainy day doesn't seem possible. Saving money *is* possible, and can be done very easily. The answer? Save automatically.

The easiest and most effective way to save money is automatically. Saving automatically is the way that millions of employees save through their 401(k) or other retirement plans at work. Funds are transferred into the retirement account prior to the paycheck being issued. The money never reaches our bank account and, over time, we are less likely to miss it.

We can use this same concept – a “set it and forget it” – to deposit funds directly into a savings account to help us reach our goals. Whether it is building an emergency fund, saving for a home, to pay for education or to go on a vacation, saving automatically can help us get there!

Automatic savings simply means we have a process in place to save at regular intervals, whether that's monthly, weekly or daily. There are many different ways you can save automatically. The following methods are the most common:

Split to Save. If you are currently working, instruct your employer to direct a certain amount of money from your paycheck each pay period and transfer it to a retirement or savings account (or both). Traditionally, you can set this up using your employer's direct deposit. Check with your company's human resources department for information to see if the “split to save” option is available.

Auto-Transfer. Work with your bank or credit union to set up an automatic transfer. Each payday, transfer a set amount of money into a savings or investment account to help you reach your savings goals.

Scheduled Transfer. Choose a day of the month or a regular interval, such as every 2 weeks, to have your bank or credit union transfer a set amount from your checking account to a savings account. This method is extremely helpful for individuals with pay that varies from week to week. Consider picking a time of the month when many other automatic payments aren't happening to make this easier on your budget.

If you are not able to set up an automatic savings plan because you're paid by a physical check, in cash, or currently do not use a bank you can still make saving a consistent habit! Consider placing a certain amount of cash in an envelope each pay period, or save your loose change in a jar each day. There is no harm in watching your automatic savings pile up – literally!

If you're still in the stage of your savings journey where you're reducing debt, start to save, even if it's a small amount. Start small and think big.

Automatic saving works, regardless of the amount of money you chose to set aside or the method you choose to use. If your budget is tight, start small. If you are saving for a large purchase, save as much as you can based on your current needs. Setting up an automatic saving program can be one of the easiest and most effective ways to get started with a new savings habit. Consistently putting money aside – even in small amounts – will add up over time.

Source: America Saves. For more information on family resource management or adult development and aging contact the Marais des Cygnes Extension District Paola (913-294-4306) or Mound City (913-795-2829) offices, or write to kgoul@ksu.edu or check out our website: www.maraisdescyignes.k-state.edu.