# NO MONEY TO SAVE? THINK AGAIN.

One of the biggest obstacles to saving is the sense that we just don't have extra money to save after we pay our bills each month. But there is hope—and a good chance that you can start saving today. AARP offers lots of tips and insights on money at **www.aarp.org/money**. In the meantime, here are nine ways you can get your savings on track.

## 1. PAY YOURSELF FIRST

Before you pay your bills every month, put some money aside to pay yourself first, even if it's only a few dollars. The easiest way is to save electronically. Ask your bank to transfer money from your checking to your savings account automatically. If you get your salary by direct deposit, you could ask your employer to send part of your paycheck to your savings account.

## 2. SPEND LESS THAN YOU MAKE

Take an honest look at how much money is coming in each month and how much is going out. If you're spending more than you make, you're probably piling up debt. This is a challenging situation, but there's a way out.

## 3. PAY DOWN YOUR DEBT

If you have a lot of credit card debt, work on reducing it. Check out **www.aarp.org/money/credit-loans-debt/** for help. You can try our Credit Card Payoff Calculator while you're there.

If you're paying high finance charges on the debt, you may need to put more money toward reducing the debt instead of saving, at least for a while. But once your debt is reduced, put the amount you've been paying on the debt into savings.

## 4. IF YOU CAN'T FIND MONEY TO SAVE, LOOK AGAIN

Did you know that saving just $20 per week could add up to over $1,000 per year? Really. Think about cutting down on the number of times you eat out, or setting your thermostat three degrees colder in the winter and three degrees warmer in the summer for hundreds of dollars in savings.

Think of other expenses you could cut around the house or simple changes you could make. For example, get fewer manicures, pack your lunch at least a few days a week, make your own coffee instead of buying a cup each day—the list goes on.

| WEEKLY SAVINGS | 1 YEAR | 5 YEARS | 10 YEARS | 20 YEARS |
|---|---|---|---|---|
| $10 | $520 | $2,600 | $5,200 | $10,400 |
| $20 | $1,040 | $5,200 | $10,400 | $20,800 |
| $50 | $2,600 | $13,000 | $26,000 | $52,000 |

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## 5. TAKE THE "NEED VS. WANT" TEST

When you're about to buy something, stop for a minute and ask yourself, "Do I really need this, or do I simply want it?" If it's a want, resist the urge to spend the money. If it's a need, comparison-shop for the best price before you buy.

## 6. SAVE FOR THE UNEXPECTED

Unexpected costs can be anything from annoying to financially devastating. Your car might break down, the water heater might fail or you could lose your job. Stash away enough to cover three to six months of expenses as protection against the unexpected before you start saving for other goals.

## 7. SET A RETIREMENT SAVINGS GOAL

Don't wait until you're well into your career before saving for your retirement. The earlier you start saving, the longer your money will have to grow, and the faster you'll reach your goal.

Once you're in the habit of saving, think about your retirement savings goal—how much you'll need and how long you have until you'll need it. The answers to these questions will help you figure out how to invest your money for the best chance of success. AARP offers an easy-to-use Retirement Calculator at **www.aarp.org/retirementcalculator**.

## 8. IF YOU HAVE A 401(k), USE IT

If your employer offers a retirement savings plan, like a 401(k) or 403(b), take advantage of it. As a general rule, aim to save 10%-15% of your income for retirement. If you get a late start on saving, you'll probably need to save more.

If your employer offers a matching contribution, contribute to the match. For example, let's say you want to save 15% of your income through your 401(k). If your employer matches 5%, then your contribution can be 10% to hit your goal.

If you don't have a 401(k) or other plan from your employer, save for retirement in an IRA, SIMPLE or one of the many other types of tax-deferred retirement accounts. SEP IRAs, which have higher contribution limits than traditional IRAs, are available to self-employed individuals. Talk with your bank or other financial institution about your options.

## 9. DON'T POSTPONE SAVING UNTIL YOU'VE MASTERED INVESTING

You don't have to be an expert on investing before you start saving for retirement. If the idea of investing is overwhelming, just focus on the saving part for now. If you're signing up for a 401(k) and you don't feel comfortable making investment choices, you could start out with a balanced fund (generally a mix of stocks, bonds and cash) or a target date retirement fund. A target date fund holds a mix of investments based on your expected retirement date. The holdings adjust to become more conservative as you near retirement age.

Revisit your 401(k) at least once a year. If you get a raise, give your savings a raise by increasing your contribution. Look at how you are investing, and as you learn more, make adjustments along the way. Many companies also offer the option to automatically increase your contribution each year, allowing you to save more with no effort.

## TAKE ACTION!

- [ ] Pay yourself first!
- [ ] Get a handle on credit card debt. Check out **www.aarp.org/money/credit-loans-debt/** for help.
- [ ] Look for easy ways to trim expenses like eating out less, resetting your thermostat, making your own coffee and the like.
- [ ] Start an emergency fund and aim to save three to six months' worth of expenses.
- [ ] Make use of a 401(k) if you have access to one. The later you start saving, the more you'll have to sock away.
- [ ] Head over to AARP's Retirement Calculator at **www.aarp.org/retirementcalculator** to help figure out how much retirement may cost and how much you should be saving to meet your goal.

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