

MONEY MATTERS



The Savings Solution: Can Your Rainy-Day Fund Weather A Storm?

(NAPSA)—While many families focus on setting money aside for retirement, college tuition and other long-term goals, having a rainy-day fund can also help navigate smaller, unexpected financial storms.

Typically, families start to save more following a financial crisis like a recession. Making regular contributions to a savings fund can ease the burden of unanticipated costs such as automobile repairs or medical emergencies.

Getting Started

Remember, no amount is too small. Whether it's a change jar or an electronic account transfer, the most important part of a savings plan is making the first step, says Loretta Abrams, senior vice president of consumer affairs, HSBC-North America. By opening a savings account rather than a CD, lower interest rates are offset by the ability to continually contribute and build on the account to reach your goal.

A Plan You Can Bank On

Check out local bank branches or credit unions for options to set up a new savings account. Don't forget to check options online.

Before selecting the right savings account, be sure to learn the requirements for account maintenance, particularly any additional fees or minimum balance requirements. Then take the next step and set up a direct deposit program into the savings account from your paycheck. Having money regularly transferred into your savings account creates solid saving habits.

Broaden Your Savings Umbrella

Most families consider scaling back on large purchases, such as buying a smaller car or home, to provide extra savings. Smaller expenses, however, can add up, and



Setting up a savings plan is the first step to guarding against unexpected financial strain.

changing buying habits might be equally fruitful. Consider switching to generic brands for food and regular household items or scaling back on dining out.

Call your service providers (phone, cable, etc.) to ask if you qualify for any special rates or plans to help lower your monthly bills. Check your insurance companies as well for ways to lower premiums by raising deductibles.

Further, take advantage of "unexpected money" such as pay increases, bonuses or tax refunds. Commit right away to redirecting a portion of this money to your savings account before there is a temptation to spend. Consider this the cushion for unexpected payments down the road.

When mapping out a savings plan, aim for an emergency fund with at least three to six months' worth of expenses. Set your goal and then commit to contributing toward that each month.

Learn More

To see how your savings can really add up, use the online savings calculators at www.YourMoneyCounts.com.