



## Saving Money Isn't a Luxury – It's a Necessity

### *4 Reasons to Start Saving Now – Plus Tips for Getting Started*

By GreenPath Financial Wellness

Saving money can often be a challenge—especially during times of financial uncertainty. As humans, we're wired to take care of our needs now, and worry about later... well, later.

However, saving money is a critical component of financial wellness. Here, we break down why saving (even a small amount) can make all the difference:

#### **Saving Helps To...**

##### **Prepare us for emergencies**

Putting aside a set amount each month helps protect us in a financial emergency. Perhaps it's a surprise medical bill, car repairs, or temporary loss of income. There are many reasons why an emergency fund is critical to help handle unexpected expenses. Plus, building up emergency savings to cover unexpected expenses is better than using high-interest credit cards or taking out a loan. An emergency fund gives you peace of mind and prevents you from going into debt.

##### **Set us up to manage planned expenses:**

For those anticipating making large purchases, saving money can help us prepare our budget to pay for expenses that we plan to take on – such as a down payment on a car, home improvements, or an upcoming vacation. Emergency savings are also useful for smaller cash outlays like costs for pets, car maintenance and other important bills. Here again, by saving up for planned purchases whether they be the significant expenses or lower cost items, we can avoid using high-interest credit cards or taking on other debt. When you plan ahead, you take control of managing your monthly income.

##### **Reduce stress:**

Financial stress is real. It can be overwhelming to have bills and expenses that we struggle to pay each month. In fact, many researchers see a significant connection between financial stress and mental health and well-being. During the ongoing

pandemic, financial strain is felt by the newly unemployed, furloughed, and those still working but facing an uncertain future. When you build up savings, you reduce the stress many of us feel about our finances and give yourself a gift – peace of mind.

##### **Provide a sense of freedom:**

Gaining a sense of freedom might not be the first reason that comes to mind as a benefit of setting up a savings plan. Yet many of the people who contact GreenPath Financial Wellness report enjoying a sense of improved freedom and flexibility after building up savings, no matter the amount. Setting aside even \$20 a paycheck is proven to provide a feeling of freedom due to the “buffer” savings gives you. Knowing that a savings “nest egg” exists gives people more freedom to choose how to handle their finances, rather than feeling stuck in a particular situation.

## How to Jump-Start Your Savings

### 1. Assess your budget.

Use our [Budgeting Worksheet](#) to get a handle on your monthly income and typical expenses, including credit card debt or other loan payments.

### 2. Commit to a monthly savings amount.

Once you have a complete picture of monthly income, expenses, and debt, consider how much you can set aside each month to build up savings. How much you set aside will depend on your financial goals. For instance, if you're planning for a large purchase, break down the amount over a 6 month or 12-month period, and automate savings to meet that goal.

### 3. Automate your savings.

Automating savings makes it more "painless." You'll be able to set it and forget it, by paying yourself first through automated deposits.

### 4. Maximize Interest.

Ensure you're maximizing the interest you're earning by getting a competitive annual percentage yield (APY).

Consider a money market or other higher interest account.

### 5. Make it a family affair.

Setting a savings goal with loved ones lets you come to a consensus about goals and dreams. That way, it is easier for you all to plan and encourage each other to save for emergencies, planned expenses, or other goals.

Saving for the future is closer than you think.

Building savings can seem like a daunting task, but you will start to see results with practice and patience.

If you're unsure how much you can reasonably save each month or need a helping hand getting started, you can [request a free financial health assessment](#)

with a GreenPath NFCC-certified Financial Wellness Expert.

Our professional, caring coaches will work with you to assess your situation, explain the options or solutions available, and help you create a plan to meet your goals. It's free, confidential, and no pressure.

## The Path to Financial Wellness Starts Here.

No matter what your goals may be, our partners at GreenPath can help you to take control of your day-to-day financial choices to create more opportunities for achieving your dreams.



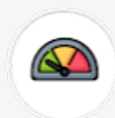
Create a Budget



Save More



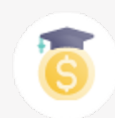
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Improve Credit



Buy a House



Plan for the Future

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