

Spring 2006

# American Saver

*You Can Build Wealth*

## Military Saves Expands Outreach

Two major grants have permitted the recent hiring of a full-time staffer to expand Military Saves initiatives and outreach.

Two-year grants from both the NASD Investor Education Foundation and Wells Fargo have made it possible for America Saves to support the work of former Chaplain, Captain Sarah Shirley (USAF), with all branches of the military and with military-supporting financial and non-profit organizations. Shirley will build on her successful work developing a Saves program at Eglin Air Force Base in Florida, which enrolled more than 700 Military Savers over the last year.

She will continue to work with the leadership of this base to develop a 2007 campaign proposal to take to several major Air Force commands. At the same time, she will be working with multi-disciplinary task forces of the Army and Navy/Marine Corps to develop long-term and emergency savings initiatives, respectively.

Shirley will also work closely with base banks and credit unions, as well as other financial institutions serving military personnel, to promote savings. Langley Federal Credit Union, for example, has already begun savings workshops for all employees, Saves promotion as part of financial counseling, and the development of savings inserts in mailings and savings posters and brochures at all branches.

This effort is being supported by an advisory committee, which includes representatives from the Department of Defense, military services, the Defense Credit Union Counsel, and the Association of Military Banks of America, as well as the NASD Foundation and Wells Fargo.

## MILITARY SAVER

# Putting Saving on Auto Pilot

Senior Airman Crystal Chavana was working in the Public Affairs office at Eglin Air Force Base when a photographer with the Military Saves campaign asked if she'd be willing to pose for the campaign poster. She agreed. Later it occurred to her, "It's going to be bad if I'm on all these posters and I'm not saving."

So she decided to enroll as a Saver. "I thought, 'This sounds like some good ideas. It's not going to hurt me to save.'" Adding to her motivation was the fact that she had recently blown a tire and had to borrow money from her parents to fix it. "I didn't like that feeling," she said.

One of her first goals as a Saver was to set up an emergency fund. She opened an account and arranged to have \$50 automatically deducted from each paycheck and deposited in the account. Because she never sees the money, the only time she thinks of it is when an emergency arises, she said. Then she uses the money in her emergency fund instead of taking out a loan.

Under the influence of the campaign's "Build Wealth, Not Debt" message, she also paid off her credit cards. "It's hard for a person my age not to be in some kind of debt," she said. Although she still keeps one credit card, she said, "now that I have my emergency fund I doubt I'll need it."

Since then, she has set up two more accounts funded through automatic deductions from her paycheck — one to save toward buying a house

and one to save toward retirement. "I realized I have to have a retirement at some point in my life," she said. "I wanted to have a fund with my own money and not to rely on somebody else giving it to me."

Airman Chavana also is looking forward to the day when she can buy a house. However, since she's due to head overseas on assignment in the



*"Start now. Start as young as you can. The younger the better."*

Military Saver Senior Airman Crystal Chavana

near future, she is planning to wait until she returns to make the purchase. Meanwhile, her savings will continue to pile up while she's gone, so she's optimistic that she'll have enough for a sizeable down payment when she gets back.

To find the money to save, she has cut down the amount she eats out, drinks water instead of soda, and has cut back on her shopping. "I realized that I might have an addiction to shopping," she said. She also pays attention to the little things, like ATM fees and debit card fees, that can add up over time.

Basically, however, her strategy is a simple matter of staying on a budget — she gives herself a weekly spending limit — and not spending what she doesn't have. Her advice to others is just as simple: "Start now. Start as young as you can. The younger the better."



## Financial Market

# facts

### March 2006

Money market account	0.77%
1-year CD	3.63%
5-year CD	4.04%

### U.S. Savings Bonds

EE Bond	3.20%
I Bond	6.73%

### Mortgage Rates

30-year fixed rate mortgage	6.51%
15-year fixed rate mortgage	6.17%
5-year adjustable mortgage	6.17%

**Sources:** *The New York Times*, "Data Bank," pg. BU 15, April 9, 2006 and [www.savingsbond.gov](http://www.savingsbond.gov), April 9, 2006.

## Family Wealth

# facts

### Financial Difficulties Among Military Personnel

Percentage of enlisted personnel who:	
Experience occasional financial difficulties	30%
Find it tough to make ends meet	19%
Feel they are in over their head	3%

### Percentage Who Experience Bill Problems

Percentage of enlisted personnel who experience bill problems	27%
Percentage of enlisted personnel who experience serious bill problems	4%
Percentage of comparable civilians who experience bill problems	6%
Percentage of comparable civilians who experience serious bill problems	7%

**Source:** *Rand: Financial Management Problems Among Enlisted Personnel*, National Defense Research Institute, 1997.

## Savings Strategies

# Achieving Financial Readiness

**W**ith U.S. military forces fighting a war in Iraq and helping to keep the peace in Afghanistan and elsewhere, many American military families are dealing with the financial issues that arise with overseas deployment while trying to get by on relatively modest incomes.

Furthermore, for service members, financial problems can cause not only anxiety, but also revoked security clearances, non-judicial punishment, or redeployment. That makes basic sound savings practices like paying off high-cost debt and creating an emergency fund all the more important for these families. It also calls for additional strategies specially adapted to their unique situation and available resources.

### Plan Ahead

Having a written monthly spending plan is good advice for all Savers, but it becomes even more important when a family breadwinner faces the possibility of overseas deployment on short notice. The Personal Financial Management Program at the installation can provide a financial plan worksheet to help with developing a spending plan.

If the service member normally handles the finances, it is also a good idea for him or her sit down with the stay-behind spouse to review the family financial situation. That review should include any debts they may owe, how much they have saved for emergencies, and what bills have to be paid and when.

While reviewing the family finances, it is a good idea to make sure the spouse is listed as a joint account holder on all accounts, such as bank accounts and credit card accounts. Without that, he or she may not be able to make changes or get needed information. It's also a good idea to create or update a durable power of attorney for the spouse. Local JAG offices can help with legal matters such as these.

Having the family car and major household maintenance items, such as furnaces, serviced before departure can help to prevent an emergency down the road. Taking these precautions up-front can help keep unexpected expenses from draining the emergency fund and forcing the family to take on high-cost debt.

### Automate Payments

One way to ease the financial burden on the stay-behind spouse is to put as many payments as possible on auto

pilot. Bill payment services offered by most banks and credit unions can be used to pay not only monthly installment loans, such as mortgage or car payments, but also monthly bills, such as utility and credit card bills.

### Look for Savings Opportunities

If the service member's car is put in storage during his or her absence, the insurance company should be notified to put the car on "off-road" status, saving on insurance bills. Even if the car will still be in use, many insurance companies will lower rates if the monthly mileage is reduced. Similar savings may be found if a cell phone or subscription can be put on "vacation" status during the deployment.

### Take Advantage of Special Benefits

The Servicemembers Civil Relief Act gives active duty military members certain benefits, such as reduced interest rates on credit cards, mortgages, and auto loans for debts that were incurred before going on active duty. Service members should sign a pre-authorization form for their spouse with the service's Relief Society prior to deployment. Some banks will also provide interest-free mortgage assistance loans to military families experiencing financial hardship during a service member's absence.

The Uniformed Services Deposit Program allows those in a combat zone to deposit up to \$10,000 and earn a guaranteed 10 percent annual interest rate. In addition, all service members are eligible to contribute to the Thrift Savings Plan, which operates like a civilian 401(k) plan for retirement savings.

Each military installation has trained specialists who offer free individual counseling and assistance as well as group classes on a variety of financial topics. Many defense credit unions and military banks assist with these programs.

By calling Military OneSource (1-800-342-9647) service members can make an appointment with a certified financial planner. Additional information aimed at military members is available on the Internet at:

[www.MilitarySaves.org](http://www.MilitarySaves.org)

[www.SaveAndInvest.org](http://www.SaveAndInvest.org)

[www.MilitaryMoney.com](http://www.MilitaryMoney.com)

[www.MyMoney.gov](http://www.MyMoney.gov)

# A Quarter **Saved** is a Quarter **Earned**

**W**e asked Military Savers at Eglin Air Force Base for their favorite savings tips. The following is a sampling of the responses we received.

Every day I give all my change to my kids. They love putting it in their piggy banks. When their piggy banks are full, we go to the bank and add it to their accounts. It's like a ritual that actually gives me more room in my pockets and rewards my kids.

MSGT TERRANCE SCHAFER

Plan for medium size purchases, such as computers, sound systems, or televisions. Decide the type of item you want, how much you are willing to spend, and when you want it. That way you can decide how much you need and can afford to save per month or per week toward that item. While you are waiting to build up the money, you will have time to research the purchase. If it is truly something you want, the research will keep you motivated to save, and in the end you will most likely make a better consumer choice and save money or at least get the best quality purchase for your money.

1ST LT PAUL STOWERS

Refill water bottles from a water filter jug or faucet instead of buying a new bottle for every day. This can save a good amount of cash if you drink water every day.

2ND LT KRISTIN RUSSELL

Invest in a Roth IRA as soon as you can. I suggest a mutual fund type IRA over a bank, because they typically will earn a higher return, especially if you are young and have time on your side. If possible, contribute the maximum allowed to your IRA. If you cannot, then put in as much as you can. Set up an automatic payroll deduction. This way you can take advantage of the market highs and

lows by dollar-cost-averaging. If you are a federal employee, you can take advantage of the employer contribution by putting at least five percent of your salary in your Thrift Savings Plan.

JEFF KERN (CIVILIAN EMPLOYEE)

I adopted a little trick for my children when they were little to teach them to save. Take three jars or similar containers which they can decorate as they please. Jars are best because they can see the money "grow." Each of the jars should be labeled with one of the following: "Quick," "Long-term," and "Charity." When the kids earned any money (allowance, baby-sitting, birthday money, etc.) it was divided as follows. Ten percent off the top went into the Charity jar. The remainder was divided in half between the Quick and Long-term jars. The Quick jar was theirs to spend as they wished. The Long-term jar was saved for big-ticket items which they could buy when they had enough money saved. No "loans" were allowed. The Charity jar funds were given to the charity of their choice.

CAPT KATHLEEN RODRIGUEZ

Before making a large purchase, divide the amount you want to spend by 20 to get the minimum number of days you should wait before making the purchase. This is meant as a guide to avoid those "in the moment" purchases. Forgetting this rule has put me in the return line several times.

2ND LT GREG FRANKAMP

A lot of people drop their "loose change" in a jar at the end of the day. Ever thought about dropping those "loose dollar bills?" Like pocket change, get in the habit of putting away those left over dollar bills at day's end and you'll be amazed how much money will accumulate in a year.

GREGORY MICHAUD (CIVILIAN EMPLOYEE)

## Send your savings tips to:

American Saver, c/o Consumer Federation of America, P.O. Box 65686, Washington, D.C. 20035-5686.

If we select your tip for publication, we will send you a \$50 EE Series Savings Bond (initial value \$25). Please include your name, mailing address, and phone number so we can contact you to arrange for your savings bond.

Reward yourself for good behavior. When you resist the urge to spend money on a non-essential, such as eating out or an impulse buy, put into your savings account the dollar amount you didn't spend. Do this even if it is just dropping change into your piggy bank each time you DON'T put it into a vending machine.

VICKY STEVER, BASE LIBRARIAN

## American Saver

American Saver is the quarterly newsletter of the America Saves campaign, a national program to encourage and assist Americans to save and build wealth more effectively.

The campaign is coordinated by the non-profit Consumer Federation of America (CFA), supported by national foundations, and advised by dozens of non-profit, government, and business groups. A generous grant from the New Century Financial Corporation supports the publication and distribution of the *American Saver*.

Questions about how to start a local savings campaign in your area should be directed to: Nancy Register, America Saves, c/o CFA, P.O. Box 65868, Washington, D.C. 20035-5686; 202-387-6121 (phone); 202-265-7989 (fax); nregister@consumerfed.org.

American Saver Editor: Barbara Roper

# News

## FROM LOCAL CAMPAIGNS

*Note: This is not an exhaustive list of the activities of all America Saves sites, but rather a sampling of activities from several of the local campaigns. For a more complete list of America Saves campaigns, be certain to visit our website at [www.americasaves.org](http://www.americasaves.org).*

**Wheeling Saves** (WV) is holding a training session in April for motivational speakers, wealth coaches, and site coordinators in preparation for a planned June launch of its pilot.

**Utah Saves** held a special promotion with the Utah Grizzlies hockey team in February and March. Fans at each home game were given the opportunity to vote for their favorite "Save of the Game" and to visit the Utah Saves concourse booth to enroll as Savers. The campaign is partnering with Utah JumpStart Coalition to celebrate National Youth Financial Literacy Month in April at an event hosted by Wells Fargo. Also in April, best-selling author Richard Paul Evans is hosting a special workshop for Utah Savers where he will be giving away signed copies of his new book, *Five Lessons A Millionaire Taught Me*.

**Texas Saves** is celebrating Texas Saves Week in April by holding a number of free workshops across the state. Also in April, the campaign will host Roll Your Change Day with support from Chase, Wells Fargo, Citibank, American Airlines Credit Union, and Texans Credit Union (a new campaign partner). The Office of the Comptroller's entire department

has pledged to participate by rolling their change and making their deposits.

Throughout the tax season, **Silicon Valley/South Bay Saves** has spent each Saturday promoting the campaign at VITA free tax preparation assistance sites.

**Philadelphia Saves** recently received funding from PNC Bank to expand its transit advertising into the Philadelphia suburbs. The transit ads will run on all subway lines in Philadelphia and on targeted bus routes in Delaware County. In addition, the campaign is holding a series of motivational workshops in Delaware County throughout the spring.

**Okaloosa Saves** (FL) held training sessions for new motivational speakers and site coordinators throughout March and April. The campaign also had a display at the Affordable Housing Expo in April and offered three workshops.

Since January, **Northwoods Saves** (WI) has presented 19 educational workshops at several new sites, including the Rhinelander Public Library, the local high school, and a housing unit for disabled and low-income people.

**Milwaukee Saves/Wisconsin Saves** kicked off the second annual "Teach a Child to Save" event in April with a proclamation from Governor Jim Doyle. The event is scheduled to conclude in October at the campaign's five-year anniversary celebration.

In January, an introductory **Kansas Saves** campaign was promoted throughout the state by 33 K-State Research and Extension agents who served as local campaign coordinators. Kansas State University created a campaign support website with campaign development information and access to marketing items.

**Gadsden Saves** (FL) is working with financial institutions to hold workshops and join the campaign.

During **Columbus Saves** (OH) week in January, more than 23 sites within the city conducted wealth building workshops, enrolling 45 new Savers and adding five new community partners.

**Arizona Saves** held its first Financial Action Summit in April. Speakers included: Stephen Brobeck of CFA, Albert Dotson of 100 Black Men of America, Pete Garcia of Chicanos por la Causa, and Jacqueline Johnson of the National Congress of American Indians.

[www.AmericaSaves.org](http://www.AmericaSaves.org)

P.O. Box 65686  
Washington D.C. 20035-5686

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