

## *Building a Savings Cushion*

Do you think it's impossible to save money?

It often seems that way. Unexpected expenses pop up. And it's very tempting to use your money for a fun item that isn't necessary.

However, establishing a financial cushion is one of the most important things you can do to feel financially secure. Here are some ideas that may help:

1. **Contribute to your retirement plan at work.** Many companies offer employees the opportunity to defer income into a 401(k) plan, and they often help with a matching contribution at some level.
2. **Sign up for an automatic savings plan at your financial institution.** If your institution transfers a set amount from your checking account into a special savings account each month, you will come to view that amount as a regular item in your budget that is not missed. Over time, it will add up and probably pay a higher interest rate than your checking account. You can also use a similar type program to have an amount automatically deducted from your paycheck and deposited into a savings account.
3. **Reduce high-interest-rate debt.** If you are paying interest on credit cards or some other loan that has a high interest rate, find a way to pay it off. Interest rates in the teens make it hard to get ahead of the minimum monthly payment required. You might find another credit card with a lower interest rate.
4. **Skip or change your vacation this year.** As much as you may look forward to a lovely trip, you can add more to your savings cushion if you stay home, visit relatives, or find a less expensive destination.
5. **Find a cheaper place to live.** A less expensive place to live, even temporarily, can help you save some money quickly. Spending a year at home with your parents is a good way to build your savings cushion.

Saving money requires self-discipline. It's tough, but having a savings cushion can provide financial peace of mind and a source of funds when the need arises.