

Topic of the Month

July

Summer Saving vs. Summer Spending

QUESTIONS? Contact ANH at 1.800.556.1548



Summer Saving vs. Summer Spending



Planning your finances

Summer can be a time of great accomplishment or of great waste. There's no better time to learn a new skill, expand your knowledge and decide how to apply it or set a list of priorities. Whatever they may be, summer is a time that's easier to plan and to accomplish your goals. So let's start off with your financial planning.

Planning your finances need not be stressful. In fact, done properly, it can be a fun and exciting activity. Readers are encouraged to look at our January Topic of the Month archived in the library section of our website at <http://www.anewhorizon.org/library/index.htm> for great advice on how to build up savings and have fun watching it grow. There are several different ways to save, many of them new, interesting, profitable and without risk. If you haven't started learning about them yet then now's the time to begin.

The First Step – Coming up with your Game Plan

There are many ways to set aside savings. Coming up with a plan that works can be an interesting and innovative task. Keep in mind that the money set aside, if invested carefully, will grow without you having to do anything else with it.

How to Save:

Make a list of all your necessary expenditures. Then write down all your discretionary expenses, money you spend on things you don't need. Then ask yourself some questions, such as:

Do I want all of the things I'm spending on, or would I rather set aside savings and watch my money grow?

What activities/spending habits should I change in order to save for emergencies (a general rule of thumb is that an emergency fund should total six months of net household income)?

What activities/spending should I change to save for retirement?

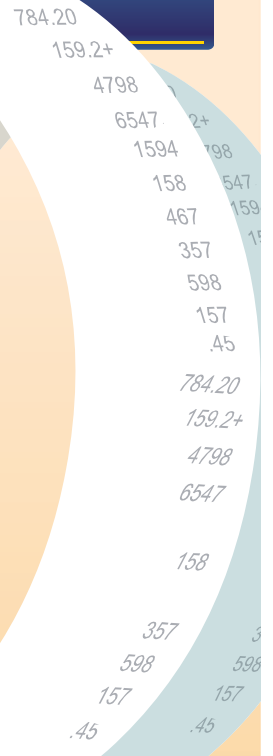
Knowing that watching savings build up and earn money virtually on their own is fun and exciting as well, should I make safe investing one of my hobbies?

Cutting back on frivolous spending is always good and always has benefits. But one should also look to save on other expenses, even necessary ones. Tips for saving on discretionary spending include buying items at wholesalers, checking local stores for cheaper prices and going online to ebay.com or overstock.com. To save on necessary expenses one should look to buy in bulk, look for sales on products that you need (just make sure not to buy stuff you ordinarily would not just because it's on sale - that's not "saving," it's the opposite) and compare prices. Shopping for food at farmer's markets can provide you with fresher and cheaper produce, possibly with fewer pesticides to boot.

Here are some other tips:

Call your power company.

Your energy provider may have certain plans to save you money, such as a budgeting plan on which you pay one set monthly fee. This plan can generally save you money unless there are months in which you use almost no electricity. See what they offer and if it saves you money. The call to them is worth making.



By the same token, call your phone company.

They too have many savings programs in place. You may be able to save by limiting the number of services you have, limiting call features, signing up for e-bills instead of paper ones, bundling existing services or getting (or removing) unlimited long distance if your long distance habits warrant it. They may have several promotions you can take advantage of. Just make sure there are no draw backs and that you either use each service they are offering or would pay more overall if you chose not to take it. There's no sense bundling in a higher priced internet plan if you can achieve a greater amount of savings without.

Now look at your other expenditures, both necessary and discretionary and ask yourself what you can change in each. You will often find that there are ways to spend less and get the same result if not more. In other cases, rearranging your priorities and shaking off an unnecessary expense has far greater rewards than keeping it would.

And for Students – A Summer Special:

The summer is really fun for you. In fact, it can help make you a millionaire, eventually, over time and if you make the right decisions. The way to do this is to get a summer job and invest the money you earn.

MSN's Money Central recently featured an article by Scott Burns titled "Start on Your First \$1 Million at Age 16." In it Burns points out that if you work for four summers and put away \$2,000 each year between the ages of 16-20 into a Roth IRA, a retirement account that is not taxed because all that's invested in it are after tax dollars, in an investment vehicle that earns an annual average of 10.7% (most brokers have such programs, and guarantee the principal invested), you will receive a return of \$1,114,423 by age 67, the standard age of retirement, even if you never invest another penny throughout your entire life (which is not recommended). This amount goes up to \$2,400,000, if earning the very realistic rate of 12%. Even at age 40 and using the lower rate, your \$8,000 will have grown to \$71,625. So start saving now. It does pay off!

Where to save:

As previously mentioned, please review the *January Topic of the Month* for great savings ideas with guarantees. These include most savings accounts, CDs, bonds and guaranteed annuities. Speak to a reputable advisor from a longstanding firm to tailor a plan that is right for your needs. In fact, speak to several and compare. Just make sure that the firm has been in existence for a while (decades, not months) and that they are offering you the highest rate or average returns they can with a guarantee. And do make sure your principal is guaranteed.

And there's no time better than the relaxing days of summer to start planning a fun and rewarding overhaul of your financial life. Just do it!

In short, the reward of summer saving far outweighs the short term benefit and long term loss of heavy summer spending. Saving can be fun and there's no better time to learn new ways to save than during the relaxing months of summer.

Have questions on saving and budgeting?
Call A New Horizon's counselors at:

1.800.556.1548

A New Horizon in the News

A New Horizon and Bank Atlantic Join In Bowl-a-thon to Prevent Foreclosures

A New Horizon, a Non-Profit Credit Counseling Organization dedicated to Financial Wellness Education, is pleased to announce Bank Atlantic's partial sponsorship of its Bowl-a-thon to tackle foreclosures. Proceeds will fund A New Horizon's "Saving Families' Homes" program, offering free seminars and counseling to homeowners struggling with their mortgages. A New Horizon has teamed up with agencies such as Workforce One, the Urban League and Habitat for Humanity to reach those most at risk of foreclosure.

The Bowl-a-thon will take place on **July 19th at Pompano Bowl, 2200 N Federal Hwy in Pompano Beach from 5:30-7:30 pm**. Tickets are \$16 per person and include the cost of shoe rentals, pizza and soda. The reduced price reflects a significant discount given by Pompano Bowl in support of this worthy program that assists families in need.

A New Horizon has several programs and referral services that can help save the home of a family or individual in need. We are here to help. Please join us in these efforts. If you know of someone facing foreclosure who needs assistance or to donate to A New Horizon's worthy Saving Homes Program contact A New Horizon at **(954) 545-6160** or **(800) 556-1548** and ask for ext. 1521.



For more information on this topic, call a Certified Credit Counselor at

1.800.556.1548 or visit our Learning Center at www.anewhorizon.org

