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Employee Assistance Program

5 Easy Steps Towards Saving for the Future

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We all know that we should be saving for our future, whether it's in an emergency fund, a savings account, a 401(k), or a Roth IRA. Yet, according to a 2016 survey, 34 percent of adult Americans have nothing in their savings account, and only 15 percent have over $10,000 stashed away. Why aren't we saving when we know we should be? This month, we spoke with Noelle Carter, Chief Administrative Officer at Consumer Credit Counseling Services, and Shawn Barnum, a Financial Advisor for VALIC Financial Advisors, Inc. They gave some helpful advice on how to begin the savings process and set yourself up right for financial stability in the future.

4 Reasons Americans Aren't Saving

1. **We don't know how to save.** Often we're so busy with all of life's responsibilities that we don't feel like we have the time to learn about savings, so we put off making big financial decisions. The result? "People don't make any decisions at all," Barnum says. "They get fearful and put their head in the sand, which only makes matters worse."

2. **We're too focused on the present.** "Setting money aside now means sacrificing things in the present," Carter admits, "and that can be a difficult pill to swallow."

3. **We're afraid.** "People remember the dramatic crashes of the great recession, and they are hesitant to trust the market, but the reality is that the stock market has a long term growth pattern," Carter reminds us. If investments are diversified and well chosen, they are a very stable source of income.

4. **We're all or nothing.** If we can't save 6 months of income in an emergency fund, or we can't save a full 10% of our paycheck towards a 401(k), we give up. Carter identifies this as "the feeling that if you only have a small amount to save, then why bother?"

How YOU Can Start Saving In Small Steps

Pay yourself first. People often only save funds that are leftover after their monthly expenses have gone through. However, the reality is that you should pay yourself first, identifying how much you want to save and then adjusting your budget to the funds you have left. "Don't budget around your take home pay," Barnum advises. "Put aside your savings first, and then start to spend." If you view your savings as a mandatory expense every month, this can help

Start SMALL. "Don't be afraid to start small," recommends Carter. "$10 a month to start will not cause dramatic lifestyle changes, and it will get you started on the savings habit." If your income rises, or you pay off debts, take at least a portion of that additional money and push it into your savings rather than into your monthly budget.

Call EAP and take advantage of your financial consultation benefit. As part of your EAP benefit, you can receive a consultation with a CCCS financial counselor over multiple sessions to tackle financial issues and brainstorm better fiscal strategies for the future.

Take it out of your hands. Nowadays there are many ways that you can automate your savings. If your employer has a direct deposit option, you can have money deposited directly into your savings account, and 401(k)s are automated by nature. This way, even when you're tempted to skip saving for the month, your money will still go where it needs to go.

Turn to the people you trust. If you're concerned about investing for retirement, you can also speak to your friends and family and get recommendations for financial professionals that they work with and trust.