

CHRISTIAN MONEY \$ENSE

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Savings Solutions for Family Finances

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You have just had your car towed to the garage for a repair. It sounds as if the repair is going to be costly. What is the first thing that goes through your mind? If you are like me, you will probably be asking, "How am I going to pay for this?" This is a pivotal question. Are you going to have to pay by credit card and pay off the repair over time? Will you go to the bank and withdraw the amount from a savings account to pay for the repair? Will you cash in some investments to make the payment? Your answer to this question may well indicate how far along the way you are to financial freedom as well as how you are doing with your savings program.

A 1998 Gallup Poll surveyed 5,000 Americans and found that 10% were saving significantly on a regular basis, and 48% were saving modestly on a regular basis. The remaining Americans were either just making ends meet, drawing on whatever savings they had, or were going into debt. It is estimated that the vast majority of Americans are just one paycheck away from financial trouble.

Saving for both long-term and short-term needs is a necessity if your family is going to reach the goal of debt-free financial freedom. Proverbs 6:6-8 gives us the example of the ant saving in order to care for future needs. Proverbs 21:20 indicates that the wise person has extra stored up for future needs. It is the foolish person who spends the excess. We must begin to live on less and save more if we are going to achieve financial freedom, have the freedom to give to God's work when special needs arise, and care for future needs for our families.

There are many different ways to save for long- and short-term needs. This article will give you some suggestions as to how to save. Not all of these suggestions may be right for you. The vehicles mentioned are only some of the vehicles available to help you reach your goals. Your personal goals, needs, and philosophy of finances will determine how much you will save and what vehicles you will use to accomplish your savings plan.

Short-range savings suggestions:

- Open a savings account and discipline yourself to save a little each week. If you have a payroll deduction plan at your place of employment, join that plan. I have found if it is not there when I get my paycheck, I do not spend it.

- Your bank might have a Money Market account that you can open. Money Market accounts generally give a little higher interest rate than a regular savings account.
- Join a savings club. Local banks have Christmas Clubs or similar accounts where you place a sum of money into the account on a weekly basis. At the end of the year, you can withdraw the money. This is a great idea to help resist the temptation to buy on credit.

Long-range savings suggestions:

- Open a retirement account. Again, this might be done through your work place or through your local bank. Have the amount deducted from your paycheck weekly. Once again, you will not miss what you do not receive in your check.
- Join an investment club that will allow you to invest small amounts of extra money on regular intervals at a higher rate without having to expend large sums of money to invest on your own.
- Use Mutual Funds for long-term saving which will also yield a higher rate of return. Your rate of return will vary depending upon the amount of risk you wish to take: the more conservative the risk, the lower the return; the higher the risk, the greater the return.
- Some types of life insurance are used as a means of long-term savings.
- Invest in real estate as a means of long-term savings and as a means of increasing cash flow.

Whether you are saving for the long term or the short term, the important thing is to begin now and do it regularly. The earlier you begin to save, the more time your money has to work and grow for you.

In the next issue we will discuss what is often referred to as the "magic of compounding."

BBC Foundation has been ministering to churches and individuals regarding biblical stewardship since 1992. Send your questions on finances and stewardship to: BBC Foundation, 538 Venard Rd., Clarks Summit, PA 18411. Phone: (800) 451-8668, website: bbcfoundation.org; e-mail: info@bbcfoundation.org