

## No, you're Probably Not Saving Enough

How much money did you save last year? If you didn't save at least 10% of your earnings, you didn't save enough. If your savings in 2013 fell short, the only solution is to take charge of your financial future right now and start saving more money.

Saving money doesn't have to be hard work. In fact, many successful savers have found simple ways to cut spending and increase their savings. Here are some tips to help you get started and stay on track.

- Set goals. To give your savings purpose, set specific financial goals. For example, it's advisable to have an emergency fund of approximately six months' worth of living expenses to cover any cash outlays that may catch you by surprise. Nothing can derail your financial plans faster than a series of mishaps that force you to take drastic financial measures. Other saving goals may include a college savings fund, vacation fund, or a fund for major purchases.
- Treat your savings as your most important monthly bill. Write a check to savings first, or have your savings automatically deducted from your checking account or paycheck.
- Tax-deferred retirement accounts offer a smart way for you to save money for retirement. If your employer offers a 401(k) or SIMPLE retirement plan, contribute the maximum amount allowed. If your employer offers no plan, contribute to an individual retirement account (IRA). The money you contribute to a retirement account can reduce your taxable income and grow tax-free until withdrawn.
- Another way to maximize savings is to track your expenses for a few months. This is a great way to spot unnecessary or wasteful spending; it doesn't take much work to see potential cutbacks.
- When it comes to saving, think "control." For example, control the use of your credit cards. The amount you pay each month in finance charges could go to savings instead. Also, control the use of your ATM card. Get in the habit of giving yourself a regular cash allowance, and try to live with it.

You should be saving at least 10% of your earnings. Seem impossible? If you took a new job at 10% less pay, you would get by.

For help in setting financial goals and developing a savings plan, contact our office at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

Members: American Institute of Certified Public Accountants, Minnesota Society of Certified Public Accountants

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