

Build savings, reduce debt at same time

I know I need to start building up my savings, but how can I do that when I can't even pay off my credit cards?

The fact that you're asking the question is a good sign. Too many Americans are in denial when it comes to savings and debt.

And it shows: The overall savings rate across the country last year was -0.2 percent. That's right — Americans on the whole actually spent more than they earned last year. That's the first time the annual national savings rate was a negative number since the Great Depression.

But you can save money and reduce debt at the same time. It takes discipline and a healthy dose of long-term thinking, but you can do it.

Start small. Setting aside even five or ten dollars a week can help. If you don't have a savings account, you might need a \$100 or \$200 minimum for a fee-free account, but ask banks, savings and loans, and credit unions if they offer free accounts with low or no minimums.

You can save in lots of ways. Pack your lunch instead of buying fast food. Eliminate premium features on your phone or cable service. Always buy the cheapest brand (usually the store brand) at the grocery store. Penny-pinching works when you take those small savings to gradually build up your nest egg.

At the same time, take a hard look at your spending. If you haven't already, put pen to paper and make a budget. How much do you earn? How much do you spend on housing,

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transportation, food, insurance, utilities — the essentials?

Then, look at your credit cards. Financial advisers usually recommend paying as much as you can each month on the card with the highest interest, making the minimum payment on others. When the first card is paid off, switch higher payments to the next-highest interest rate card, and so on. Stop using your cards until all are paid off.

You can find other ideas in the Ohio State University Extension publication "In Over Your Head: Life-Saving Strategies for Financial Crisis" available for just a few dollars at Ohio's county Extension offices or online at <http://ohioline.osu.edu>.

You might also find help through an "America Saves" program, currently available in Ohio in Columbus, Cleveland, and Hancock County. The programs are nonprofit coalitions of financial institutions, OSU Extension, businesses, consumer groups and other organizations. "Saves" groups offer guidance, low-cost or free savings accounts and a variety of programs to help you "Build Wealth, Not Debt." Additional "Saves" programs are forming in other parts of Ohio. For information, contact OSU Extension program manager Cyndi Renn at renn.7@osu.edu.

Family Fundamentals is a monthly column on family issues, especially those revolving around finances and relationships. It is a service of Ohio State University Extension and the Ohio Agricultural Research and Development Center. Send questions to Family Fundamentals, c/o Martha Filipic, 2021 Coffey Road, Columbus, OH 43210-1044, or filipic.3@osu.edu.



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To receive Family Fundamentals electronically, sign up at our subscription Web site, <http://www.ag.ohio-state.edu/~news/subscribe.php>. To get a PDF file e-mailed to you, contact Martha Filipic at filipic.3@osu.edu.

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