

American Saver

You Can Build Wealth

Support for Saves Week Grows

Key national organizational networks, including United Way and Cooperative Extension, will be participating in the pilot of a Saves Week, scheduled for the week of February 25, 2007.

The main purpose of this new America Saves initiative is to provide a focal point for mobilizing the support of numerous employers, financial institutions, governments, and non-profit organizations for new savings initiatives. Participating institutions will be encouraged to set specific savings goals — such as opening a number of lower-income savings accounts or increasing 401k participation by a set amount — that can be announced during the week and pursued throughout the year.

The Saves Week pilot is being planned by national organizations and five local or state America Saves groups. United Way, for example, is organizing the growing number of local United Ways that support asset-building to participate in the Saves Week. Cooperative Extension has trained 60 agent educators for leading local efforts.

Within the America Saves network, Cleveland Saves, Philadelphia Saves, Tennessee Saves, Texas Saves, and Utah Saves will be piloting local or state Saves Weeks. The Cleveland group, for example, has already secured two key media sponsors — the *Cleveland Plain Dealer* and the local ABC affiliate.

"We are excited about the growing interest in a Saves Week," said America Saves National Coordinator Nancy Register. "But as with other Saves initiatives, we will be using the pilot to experiment and figure out what models work the best. Then in 2008 we will greatly expand our efforts."

NORTHWOODS SAVER

Taking Charge of His Financial Life

About six months ago, Troy Fishler had recently emerged from divorce with "terrible credit" and his finances in tatters. Today, he has cleaned up his credit record, bought a house, started an emergency fund, and reallocated his retirement savings. The change, he said, has given him "a completely different outlook on life."

That change started with an Internet search for credit counseling services in the Rhinelander, Wisconsin area that led him to Northwoods Saves. Impressed with what he read about the nonprofit organization, he met with wealth coach Phil Schlachtenhaufen. "I told him my situation, and he gave me hope," he said.

Fishler's first goal when he signed up as a Saver was to clear up his credit record. "I didn't know the first thing about credit," he said. Schlachtenhaufen walked him through the process of requesting and analyzing his credit report and disputing information. "I can't believe how easy it is for someone to get bad credit on their record, and how tough it is to get it off," he said.

As a result of his efforts, however, he estimates he increased his credit score by about 200 points. Now he's buying a house, and with his improved credit, he was able to get "a decent interest rate," he said.

Fishler, who is a scientist with Frito-Lay, also enlisted Schlachtenhaufen to present a workshop to Frito-Lay employees on retirement saving. "No one wants to own up to being illiterate about things like that," he said. "But many of us, you know, you aren't

taught that in school." Although he had participated in the company's retirement plan in the past, he did so "blindly, kind of." After hearing the Northwood Saves presentation, he upped his contribution to earn the full company match and made changes in his fund allocation to a more aggressive approach consistent with his age.



"I'm not going to let my finances be in charge of me."

Troy Fishler

He's also contributing to an emergency fund. "It's not nearly close to where I want it to be, but I'm building that up right now," he said. His goal is to have three months worth of expenses saved in an emergency fund. "Having that emergency fund will give me a lot of peace of mind," he said, "because something always crops up."

In the meantime, he's changed his approach to major purchases. "If there's something I really want, I don't buy it right away. I let it go for about a month," he said. That helps him distinguish between "wants and needs," he explained. "I think by taking that time it's easier to take that big picture look."

"Before, I didn't really take charge of our finances like I should have," Fishler said. Now he's promised himself that, "I'm not going to let my finances be in charge of me. I'm going to be in charge of my finances. It just gives you a completely different outlook on life."



Financial Market **facts**

September 2006

Money market account	0.84%
1-year CD	3.83%
5-year CD	4.22%

U.S. Savings Bonds

EE Bond	3.70%
I Bond	2.41%

Mortgage Rates

30-year fixed rate mortgage	6.44%
15-year fixed rate mortgage	6.12%
5-year adjustable mortgage	6.19%

Sources: *The New York Times*, "Data Bank," pg. BU 12, September 24, 2006 and www.savingsbond.gov, September 25, 2006.

Family Wealth **facts**

Credit Score Problems

Percentage with credit scores	
Above 800	25%
600-800	55%
Below 600	20%

Percentage who have ever obtained their score:

18-24 years of age	30%
35-44 years of age	71%
Over 65 years of age	34%

Source: The Brookings Institution's Survey Series, May 2006; Consumer Federation of America/Providian Financial Survey, August 2005.

Savings Strategies Your Credit Score and Saving

Credit scores are designed to predict whether you will make loan payments on time. But they also significantly affect your ability to save and build wealth.

Many people understand that a low credit score greatly increases your loan costs, making it more difficult to find money to save. But a low credit score can also increase your auto and homeowners insurance premiums. It can even make it more difficult to find a job with a salary that allows you to save.

What is a Good Credit Score?

When lenders talk about "your score," they usually mean the FICO score, which is developed by Fair Isaac Corporation. These scores range between 300 and 850.

FICO scores above 700 are good and help you obtain relatively low-priced credit and insurance. But scores below 600 are poor. Scores in this range will not only increase your loan and insurance costs, they may even make it difficult for you to obtain these financial services products.

Although the FICO score is the one usually used by mortgage lenders, consumer lenders or other service providers may use other credit scores. For example, each of the three major credit reporting agencies — Equifax, Experian, and TransUnion — calculates a separate score that reflects the information they have about your credit history.

These individual scores are usually fairly similar. In some cases, however, they can differ by more than 100 points. So, you can't assume that the score you have obtained from one credit reporting agency will be the same as either your FICO score or your scores from the other credit reporting agencies.

How a Low Score Can Cost You Thousands of Dollars

A low credit score can significantly increase your loan costs. For example, according to Fair Isaac, consumers with credit scores over 760 will be charged a 5.42 percent interest rate on a 30-year, \$150,000 fixed-rate mortgage. The monthly payments on that loan will be \$844. In contrast, those with scores below 620 will be charged a 7.0 percent interest rate, with monthly payments of \$998. That's a difference of nearly \$2,000 a year.

For credit card debt, Providian Finance has estimated that consumers with an average score could reduce card finance charges by \$76 a year if they raised their score by just 30 points. If all consumers raised their scores by 30 points, total consumer savings on credit card interest payments would be greater than \$16 billion.

How You Can Raise a Low Score

Credit scores reflect your bill paying practices over time, but with more weight given to recently reported information. That means that, for most people who want to raise their score, there is no quick fix. However, there are things you can do, or avoid doing, that will help you improve your score over time.

The most important thing you can do to improve your credit score is to **pay your bills on time every month**. One late payment can lower your score by 30 points, and a 90-day delinquency can lower your score by as much as 100 points.

Also, **don't max out your credit cards**. If you use all or most of the credit lines on your cards, your score will fall considerably. Paying down your debt, rather than just moving it around, can help raise your score.

Don't open a lot of new credit card accounts. When you apply for new credit, creditors submit inquiries for your credit information. Having a lot of inquiries on your report can lower your credit score.

Sometimes incorrect information on your credit record can lower your score. For that reason, it is a good idea to **check your credit reports to make sure they don't contain errors**. If they do, you can challenge that information in order to get it removed.

Federal law now requires the three main credit bureaus to make an annual credit report available to consumers at no charge on request. You can order the reports online at www.annualcreditreport.com or by phone at 1-877-322-8228.

How You Can Obtain Your Credit Score

Getting your credit score is different from getting your credit reports. When you apply for a mortgage, you can get your credit score for free from the lender. Otherwise, you will probably have to pay to get your credit score.

You can get all three scores from the major credit reporting agencies by contacting Fair Isaac. The cost for the three scores is \$47.85. In addition, you can get individual scores from each of the credit reporting agencies for less than \$20 apiece.

Contact information:

- Fair Isaac (www.myFICO.com, 1-800-319-4433)
- TransUnion (www.transunion.com)
- Equifax (www.equifax.com, 1-800-685-1111)
- Experian (www.experian.com, 1-888-397-3742)

A Quarter **Saved** is a Quarter **Earned**

No one knows better than Savers how to find the extra dollar here and quarter there that, over time, add up to substantial savings. Here are a few of their savings tips.

Something I have been doing to save on the electric bill is using cold water for everything except dishes and showering. I have noticed a difference of between \$10 and \$30 on my bill. Every little bit helps.

MARLENE RODRIGUEZ
EGUN AIR FORCE BASE, FL

Don't pay extra for an unlisted phone number. If you prefer not to have your name published in the phone book, use a different name, like your middle name or a pet's name, for the listing.

KATHY ALBANY
JACKSONVILLE, AL

Enroll in payroll deduction or purchase a savings bond on payday.

SANDRA COATES
PHILADELPHIA, PA

Just for a month, stay out of the malls and shopping centers. The only stores you are to go to are the grocery store, the drug store, and the gas station. Other than that, avoid the mall or places where you will be tempted to buy "a special something." If you must go to a specific store for a specific item you truly need, then go and just purchase that one item ONLY. You'll be surprised at how much you save by not buying those things that you want. Furthermore, if you don't see those items you want, you don't know you want them.

LISA IRWIN
NORTH ROYALTON, OH

Always clean your lint filter on your dryer after every use. The dryer will work more efficiently, and you will avoid the danger of fire.

ELLEN ASHWILL
PARMA HEIGHTS, OH

I am a teacher and do not get my regular salary during the summer months. To save on my grocery bill, I stock up on essentials, such as toilet paper, paper towels, and detergents, during the months that I am working. I estimate how many of each item I will need during June through August and purchase this amount along with my other purchases using manufacturer and store coupons. This has cut my grocery bill during the summer months by 25 percent.

DAWN ENGLAND
BALTIMORE, MD

My food budget has always been difficult for me to keep to. To stay within my budgeted amount, I purchase a re-loadable gift card at my favorite grocery store for my budgeted two-week amount. Each payday I reload the card with my food budget amount for that pay period.

MARILYNN GARDNER
RIVERTON, UT

I save money on prescription drugs by asking my physician for a free sample of the medication. This is especially useful if it is a new prescription I haven't taken before. If I have an allergic reaction and can't use all of the medication, I'm not out any money.

JULIE GOLDBECK
VANCOUVER, WA

One way I save money and calories is I cook in bulk. It's similar to buying in bulk. You cook several healthy meals at one time and buy some plastic containers with the dividers and freeze your meals. If you freeze it right away, the freshness will remain. You are saving money by not buying lunch every day. You have a selection of food you like. And, if you cut the fat in the cooking process, you have also saved in calorie intake.

BRIDGET JONES
MONTGOMERY, AL

Send your savings tips to:

American Saver, c/o Consumer Federation of America, P.O. Box 65686, Washington, D.C. 20035-5686.

If we select your tip for publication, we will send you a \$50 EE Series Savings Bond (initial value \$25). Please include your name, mailing address, and phone number so we can contact you to arrange for your savings bond.

Buy yourself a piggy bank. Instead of putting in coins, put folded money in. Save until the end of the year, then break it open, and there is your shopping money for the holidays or a lump sum for an interest-bearing account.

JORDAN M. RAGLAND
INDIANAPOLIS, IN

American Saver

American Saver is the quarterly newsletter of the America Saves campaign, a national program to encourage and assist Americans to save and build wealth more effectively.

The campaign is coordinated by the non-profit Consumer Federation of America (CFA), supported by national foundations, and advised by dozens of non-profit, government, and business groups. A generous grant from the New Century Financial Corporation supports the publication and distribution of the *American Saver*.

Questions about how to start a local savings campaign in your area should be directed to: Nancy Register, America Saves, c/o CFA, P.O. Box 65868, Washington, D.C. 20035-5686; 202-387-6121 (phone); 202-265-7989 (fax); nregister@consumerfed.org.

American Saver Editor: Barbara Roper

Note: This is not an exhaustive list of the activities of all America Saves sites, but rather a sampling of activities from several of the local campaigns. For a more complete list of America Saves campaigns, be certain to visit our website at www.americasaves.org.

Arizona Saves is working with the City of Phoenix to organize a Money Management Institute, which is to be offered in October to all city residents. The event will include Saves and financial education workshops. The Mayor and City Council are expected to participate in the event kick-off.

Colorado Saves has received a significant grant from the Certified Financial Planner Board of Standards to produce an educational video that promotes debt reduction, saving, and financial planning. Funding is also being provided to present the video during workshops held for employee, non-profit, and community groups. The campaign plans to offer randomly awarded coupons to Savers to allow them to work one-on-one with a certified financial planner for up to one year. Approximately 1,000 Coloradans have already enrolled in Colorado Saves, which is planning a formal launch of the campaign this fall.

Columbus Saves (OH) is starting a new membership campaign, which includes efforts to recruit new Columbus Saves sponsors and organizations. "Roll Your Change" week was held September 25, with four

participating locations in the Columbus area. In November, the campaign is holding "Money, Money, Money," the first annual meeting with George Banany from America Saves, which all Savers are being invited to attend.

Gadsden Saves (FL) is holding its annual campaign event in November at the Gadsden County Extension Office in Quincy, FL. Partners for the event include Havana Learning Center, Kia Auto Sports, Fringe Benefits Management Services of Tallahassee, Gadsden Community Health Council, Gadsden Health Start, Capital City Bank, Premier Bank, and Gadsden Senior Centers.

Langley Saves (VA), which serves the membership of the Langley Federal Credit Union in Newport News, VA, recently enrolled its one hundredth Saver.

Dr. David S. C. Chu, Undersecretary of Defense for Personnel and Readiness, has declared the week of February 25, 2007 to be **Military Saves Week**. The Department of the Navy has formed a Military Saves working group with regional groups in Jacksonville, FL and San Diego, CA. A Military Saves financial services committee is being

organized and plans to hold its first meeting in October.

Northwoods Saves is providing financial education workshops at three additional area libraries. The campaign is also expanding its relationship with the area technical college in order to provide additional financial literacy training to students at the college.

Okaloosa Saves (FL) recently completed its third annual "Teach Children to Save" project. Through the project, 186 young people made 231 deposits totaling \$16,941.28. Six participating youths were selected through a random drawing to receive \$100 savings bonds. A new corporate donor, National Electronic Warranty, Inc., provided funds for the savings bonds.

Silicon Valley/South Bay Saves is proud to report that *Forbes Magazine* has listed San Jose, CA as one of the nation's top three cities for saving.

Utah Saves is gearing up for its first annual "Save Your Change Week" in November. The campaign is also starting up its ad campaign again and is expanding that campaign into Hispanic TV and radio markets this year.

www.AmericaSaves.org

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