SMART SAVINGS STEPS

6 STEPS
TO HELP YOU START SAVING & ACHIEVE YOUR GOALS

A Pathway to Financial Security

US Community
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Welcome to Smart Savings Steps
Your Pathway to Financial Security

In life, unexpected events and major milestones can impact your financial well-being. Our Smart Savings Steps program is designed to help you build a foundation of financial security, reduce debt, and reach your life goals with confidence.*

Whether you're just starting to save, working on reducing debt, or preparing for long-term goals, each step in this program has practical strategies and achievable goals, empowering you to take control of your finances and build a path toward financial freedom.

THE 6 SMART SAVINGS STEPS

STEP [1]

Save $1,000 in an Emergency Fund

Build a cushion of $1,000 to $3,000 to cover unexpected expenses, giving you peace of mind and preventing debt.

STEP [2]

Reduce and Manage Debt

Take control of your finances by paying down high-interest debt, freeing up income for savings and future investments.

STEP [3]

Build a Living Expenses Fund

Save 3-6 months of living expenses to protect yourself against income loss and gain financial stability.

STEP [4]

Invest in Employer Matching Retirement Accounts

Grow your wealth by contributing to retirement accounts, benefiting from employer matches and tax advantages.

STEP [5]

Plan for Major Life Goals

Prepare for big life milestones, like buying a home or funding education, by setting specific savings and investment goals.

STEP [6]

Save $5,000 to Prepare for Wealth Management

Open a Pathway to Wealth Account to help you save the $5,000 minimum needed to work with our financial advisor.

STEP [1]

Save $1,000 in an Emergency Fund

Your Safety Net for Life's Surprises

Goal:

Save **$1,000** to cover unforeseen emergency expenses. **USCCU now offers an Emergency Fund Savings Account** earning a great rate to help you save that initial $1,000. *Plus, it allows you to save up to $3,000 for emergencies depending on your unique circumstances.*[1]

Purpose:

An emergency fund helps you avoid taking on debt when unexpected costs arise. With this safety net, you can handle emergencies—like a sudden car repair or medical bill—without disrupting your finances.

Why It Matters:

Life is unpredictable, and a well-funded emergency account provides peace of mind. This fund can be the difference between a minor setback and major financial stress.

HELPFUL TIPS

- **Set Up Automatic Transfers:** Set up an automatic transfer to your USCCU Emergency Fund to build your savings effortlessly.
- **Start Small, Think Big:** Begin with a goal of $1,000. Even small contributions add up over time, bringing you closer to financial security.
- **Celebrate Small Wins:** Each contribution is a step closer to your goal. Recognize your progress and stay motivated!

STEP

[2]

Reduce and Manage Debt

Free Up Income for Savings

Goal:

Once you are prepared for an emergency, begin to pay off high-interest debts, such as credit cards and personal loans.

Purpose:

Reducing debt minimizes your interest payments and gives you more control over your finances. By lowering debt, you'll free up more income for saving and investing, helping you progress toward your financial goals.

Why It Matters:

Interest on debt can prevent you from achieving your goals. Eliminating high-interest debt frees up your income, making it easier to save for the future.

HELPFUL TIPS

- **Choose a Repayment Method:**
  - *Avalanche Method:* Focus on paying off your highest-interest debt first, which saves you money in the long term.
  - *Snowball Method:* Pay off your smallest debt first for quick wins, keeping you motivated.
- **Consider Lower Interest Rates:** Balance transfers or debt consolidation can simplify payments and potentially lower your interest rate.
- **Make Extra Payments:** Whenever possible, make additional payments toward your debt to reduce the principal faster.

STEP 3

Build a Living Expense Fund

Prepare for Unexpected Income Gaps

Goal:

Save 3-6 months worth of living expenses.
(Calculate your monthly essential living expenses, including housing, utilities, groceries, transportation, and insurance)

Purpose:

This fund is designed to sustain you in case of job loss, illness, or other unexpected life events that could impact your income. It's a critical step in building long-term financial resilience.

Why It Matters:

Having a 3-6 month living expenses fund means you can focus on finding the right job or managing personal challenges without the immediate stress of financial strain.

HELPFUL TIPS

- **Choose the Right Account:** Use a high-yield savings or money market account to grow your savings while keeping them accessible.
- **Set a Target Amount:** Based on your monthly expenses, calculate a 3-6 month total to know exactly how much to save.
- **Direct Debt Payments Toward Savings:** Once high-interest debts are paid off, redirect those payments to this fund to build it faster.

STEP [4]

Invest in Employer Matching Retirement Accounts

Build Your Retirement Nest Egg

Goal:

Regularly contribute to employer matching retirement accounts, such as a 401(k) to steadily grow your retirement savings, while gaining "free money" provided by your employer.
*(Establish this habit to take advantage of potential tax benefits and the power of compounding to grow your wealth over time)**

Purpose:

Retirement accounts help you grow wealth through compounding interest, employer matches, and tax advantages, preparing you for financial independence later in life.*

Why It Matters:

The earlier you start, the more time your money has to grow. Even small contributions can result in a substantial retirement fund.

HELPFUL TIPS

- **Maximize Employer Contributions:** If your employer offers a match, contribute enough to take full advantage—it's essentially free money.
- **Set Up Automatic Increases:** Schedule small, regular increases in your contributions, especially after a raise.
- **Employer Doesn't Offer a Retirement Plan? Open a USCCU IRA:** Ask a USCCU Representative about our Traditional & Roth IRAs.

STEP

[5]

Plan for Major Life goals

Fund Your Future Dreams

Goal:

Save and invest for life goals, such as buying a home, starting a business, or funding education.

Purpose:

By planning and saving ahead, you can fund major life milestones without taking on unnecessary debt. Whether it's a dream vacation or a down payment on a home, saving now will make your goals achievable.

Why It Matters:

Achieving these goals debt-free sets you up for future financial success and allows you to enjoy the journey without financial stress.

HELPFUL TIPS

- **Build Savings Goals Easily in the USCCU App:** Create savings goals to stay organized and focused. To get started, open the app, tap *MORE*, locate *FINANCIAL PLANNING*, select *FINANCIAL WELLNESS*, & begin creating *SAVINGS GOALS.*
- **Match the Investment to the Timeline:** For short-term goals, stick to safer savings options; for longer-term goals, consider moderate-risk investments to grow your funds.*
- **Review and Adjust Regularly:** Life plans can change. Check your savings progress and adjust your contributions or strategy as needed.

STEP
6

Save $5,000 to Prepare for Wealth Management

Build and Protect Your Legacy

Goal:

Save at least $5,000 so you can begin working with a financial advisor to optimize assets, reduce taxes, and create a plan for long-term wealth and financial freedom.*

Purpose:

With expert guidance, you can make tax-smart investment decisions, secure your future, and create a legacy for the next generation or causes you care about.

Why It Matters:

Wealth management provides peace of mind, knowing that your financial future is on a solid foundation. It also gives you the opportunity to give back and plan for your legacy.

- **Optimize for Taxes:** Choose tax-efficient investment options that align with your goals and maximize your returns.*
- **Consider Legacy Planning:** Think about how you want to leave a legacy, whether through charitable giving, setting up trust funds, or supporting family members.
- **Stay Informed and Proactive:** Meet with your advisor regularly to review your progress and adjust your strategy as your circumstances evolve.

Monthly Budget Worksheet

Review Your Income VS. Your Expenses

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INCOME	
Monthly Income	$
Other Income	$
Total Monthly Income *(add to summary box below)*	**$**

EXPENSES	
Mortgage/Rent	$
Utilities (electricity, water, sewer, gas, etc.)	$
Groceries	$
Dining Out	$
Cell Phone	$
Internet	$
Streaming Services (Netflix, Disney+, Hulu, etc.)	$
Car Payments	$
Car Insurance	$
Car Maintenance (oil changes, new tires, etc.)	$
Gas	$
Health Insurance - (if not deducted from your paycheck)	$
Prescriptions/Medications	$
Child Care	$
Entertainment	$
Clothing	$
Other Expenses	$
Total Monthly Expenses *(add to summary box below)*	**$**

SUMMARY

Do you have a Surplus or a Deficit?

A **surplus** means you have money left after covering all expenses, allowing you to save, reduce debt, or invest. A **deficit** occurs when expenses exceed income, signaling a need to cut spending or increase income to balance your budget.

TOTAL INCOME		TOTAL EXPENSES		SURPLUS/DEFICIT
$	–	**$**	=	**$**

Notes

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DOCUMENT DISCLOSURES:

*The topics discussed in this document should not be taken as advice. Ask your tax advisor about any potential benefits.

[1]A specific Annual Percentage Yield (APY), as listed in the Rate & Fee Schedule, is earned on money in the Emergency Fund Savings Account up to $3,000. Anything over $3,000 will receive the current savings account rate as listed in the Rate & Fee Schedule. Rate subject to change. Only one Emergency Fund Savings Account per person, per account. Membership required. Subject to qualification and approval. Terms and conditions apply.