It's Not What You Earn, It's What You Keep

Put yourself at the head of the line. Treat your savings like any other recurring bill that you must pay each month. Dedicate the appropriate amount from your paycheck and set it aside. While most people think nothing of sending enormous amounts of money to credit card companies on a regular and systematic basis, they balk at the idea of paying themselves first! Change that mindset. Cut up your credit cards and put those payments into your own savings. Make a commitment to pay yourself first!

Calculate How Much You've Earned & How Much You've Saved

Average annual income (estimate):		**A**	
Times number of years worked:	X	**B**	
Equals total amount earned:	=	**C**	
Amount of personal savings:		**D**	
Divide D by C:	=	**E**	%

This equals your percentage of income saved.

The Three Accounts You Need

To have a complete savings program, most people need **three types of basic accounts:**

EMERGENCY FUND

This is your reserve fund in the event of an unforeseen emergency, job loss or an unexpected expense.
A good rule of thumb: Set a goal of having three to six months' salary in your emergency fund.

SHORT-TERM SAVINGS

This account is for money that you set aside for expenses you want to purchase within a short-term time frame. For example, here is where you would save for a new computer or perhaps a vacation.

LONG-TERM SAVINGS & INVESTMENTS

This is where your retirement savings, college fund and other long-range savings will go. Because these savings have more of a long-term time horizon, you can use investment vehicles with potential for a higher rate of return, such as equity mutual funds.

Investing entails risk including loss of principal. Shares, when redeemed, may be worth more or less than their original value.