

Savings

What is Saving?

Saving is setting aside money today for the future.

To build savings, spend less money and put some or all of what you didn't spend into savings. Consider the advantages and disadvantages of savings options before choosing where to build your savings.

Some options include savings accounts, money market deposit accounts, certificates of deposit (CDs), U.S. savings bonds, retirement accounts, investments, or Home, Friends, or Family prepaid credit cards.



Why You Should Save Money

There are some important reasons to save money. Some people save money

- For their goals
- To build wealth
- For emergencies
- To cover when they have less income or more expenses
- For peace of mind
- To get and keep a job

Quick Tips for Finding Money to Save

For any strategy that helps you spend less, you take what you didn't spend and set it aside in your savings. Consider the saving strategies when trying to save money:

- **Count your coins!** Save change at the end of the day.
- **Ask yourself: Do I need it?** Consider needs versus wants. Can you cut back on daily expenses?
- **Find free fun!** Look for free fun like the library, parks, and festivals.
- **Set goals for gifts!** Set gift-giving limits with family and friends.
- **Check your brand bias!** Before you buy, consider whether you are paying more for a brand name.
- **If it's not on the list, it doesn't exist!** Stick to a shopping list.
- **Save your gifts!** Save at least part of any gift money you receive.

Saving for Unexpected Expenses

An emergency savings fund is a part of the foundation of financial health. Setting aside \$500 to \$1,000 to use only in case of emergency can cover many unexpected expenses.

Saving and Public Benefits

Some public benefit programs determine eligibility for benefits based on a person's income and other resources. This is commonly referred to as "means testing," or "a means-tested benefit." Check for current rules at the specific program websites to determine what the current asset limit is for the program.

Special Accounts and Public Benefits

Special accounts allow some people to save more money for specific goals and not lose eligibility for means-tested public benefits.

ABLE Accounts

- Tax-advantaged savings accounts for individuals with disabilities.
- To be eligible for an ABLE account, you must be blind or have a qualifying disability that began before your 26th birthday. You can be any age when you open an ABLE account.
- Most state ABLE programs are open to eligible residents of any state. Open an ABLE account on the program website for the state sponsoring the program, not at a bank.
- Use the money in an ABLE account for "qualified disability expenses." If used for anything else, the money taken from the account becomes taxable.

For more information and website addresses for state ABLE programs, visit the [ABLE National Resource Center](http://www.ablenrc.org) (www.ablenrc.org).

Special Needs Trust

Special Needs Trusts are designed to fund long-term expenses and needs of someone with a disability. Visit the [Social Security website](http://www.ssa.gov) (www.ssa.gov) and search for "Special Needs Trust".

Pooled Special Needs Trust

- Provides the benefits of a special needs trust, but costs less. A single entity manages the sub-accounts for many people, and a nonprofit usually manages the trust.
- For more information, visit the [Special Needs Alliance website](http://www.specialneedsalliance.org/special-needs-101/special-needs-trusts-and-personal-injury-settlements/) (www.specialneedsalliance.org/special-needs-101/special-needs-trusts-and-personal-injury-settlements/).

Plan to Achieve Self-Support (PASS)

- Allows people with disabilities to set aside money for items or services needed to achieve an education or work goal.
- Goal: Employment (including self-employment) that reduces or removes the need for disability benefits.
- PASS uses can include supplies to start a business; school expenses; equipment, tools, uniforms; transportation; other items or services people need to reach their employment goals.

For more information, visit the [Social Security website](http://www.ssa.gov) (www.ssa.gov) and search for “PASS elements”.

This information is an excerpt from the [FDIC Money Smart for Adults Credit Reports and Scores Module](http://www.fdic.gov/consumer-resource-center/money-smart) (www.fdic.gov/consumer-resource-center/money-smart) for more information or contact us at 1-800-257-1705 for printed materials.