



VALUING PEOPLE. VALUING MONEY.
MANAGING IN TOUGH TIMES INITIATIVE

FAMILY FINANCIAL MANAGEMENT

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THIS MONTH'S TOPIC: KY Saves

Tackle the Holiday Financial Hangover

Kentucky Saves is part of a nationwide campaign of more than 1,000 non-profit, government and corporate groups that encourages individuals and families to save money and build personal wealth. We provide free financial tools, savings services, advice and resources that help Americans from every income level take charge of their finances and manage money more effectively.

You don't have to go it alone. By becoming a Kentucky Saves member, you'll have access to our set of tools and timely information, but more important, you'll be connected to a support system you can rely on as you navigate the course toward savings success. For more savings tips or to enroll as a Kentucky Saver, visit www.kentuckysaves.org.

Many people overindulge in a variety of ways during the holiday season. Unfortunately, this may include spending more on holiday gifts, entertainment and travel than originally budgeted. During the first few months of the New Year, the credit card bills and expenses will begin to roll in. The longer the debt hangs around, the more the holidays cost in interest fees.

The first step is to reduce spending and apply the extra money toward paying off credit cards. Track your spending for a week, by writing down when and where you spend money. This will make it easier to find ways to reduce expenses. If you have holiday debts on multiple credit cards, develop a payment plan. Either work toward paying off the highest interest rate card first, or payoff the smallest debt first and work your way to the largest.

Make a plan now for next year: Once you have paid off holiday debts, put that extra money aside every month into a special savings account. Then, next year, instead of using credit cards, use the money you have already saved.



Remember to keep savings as a priority.

Pay Yourself First

As the cost of everyday items seems to be increasing, it is important to remember to keep savings as a priority. Paying yourself first, or setting aside money at the beginning of the month specifically for savings goals is a good way to get started. Check with your bank; you may be able to automatically transfer money from your checking to savings account. By automating your savings at the beginning of every month or pay period, you are more likely to save more than you would by waiting until the end of the month and moving any remaining money into a savings account. Put the amount you want to save in your savings account on the day you are paid. By paying yourself first, you are more likely to adjust to living on less, because you never actually have the money available to spend on regular household expenses.

Set a Savings Goal

Regardless of your financial situation, there are things you can do to improve overall financial health. Take a moment and set a financial goal. Next, kick-start your savings by figuring out how to save \$100 toward your goal. Even on a tight budget, there are many different ways to reduce expenses. Review your cable and cell phone bills. Are you subscribed to premium services that you do not really need? Adopt a cash-only system for out-of-pocket expenses. You are more likely to spend less if you pay with cash rather than a credit or debit card. Start packing your lunch two to three times per week. These small steps will quickly add up to \$100. Put any money saved directly into your savings account. Once you have gotten started, continue to add to the account every month until you reach the goal.

Reference: America Saves, www.americasaves.org

Written by: Jennifer Hunter, Ph.D., Assistant Extension Professor, Family Financial Management

40 Gallon Challenge

In 2011, over 450 Kentuckians took the 40 Gallon Challenge, pledging to save more than 79,000 gallons of water daily.

Why conserve water? Using less water can better prepare us for water shortages and drought situations.

Conserving water conserves energy. Obtaining water from streams, rivers, and aquifers, and transporting it to water treatment facilities requires large amounts of energy. At water treatment facilities, energy is needed to pump and process water. Further energy is used by consumers to treat water with softeners and filters, circulate and pressurize water with pumps and irrigation systems, and heat and cool water. Then the wastewater consumes more energy as it is pumped to treatment plants, where it is aerated and filtered.

Conserving water saves money. Each year the average household spends as much as \$500 on water and sewer bills. With more efficient water use, around \$170 per year could be saved.

On average Kentuckians use anywhere between 100 to 150 gallons of water per person per day. The 40 Gallon Challenge is a regional campaign that challenges residents to conserve at least 40 gallons of water per day. Take the 40 Gallon Challenge at <http://www.40gallonchallenge.org/> or contact your local county Extension office.

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