

FOR IMMEDIATE RELEASE: June 24 and thereafter

Contact: Mary Rusnak, 817-569-2634 or mbrusnak@firstcommand.org

Fort Worth __ Americans currently save at a negative 1%, according to the US Department of Commerce. Rather than building wealth or even preparing for emergencies, we spend more than we make. We dip into savings or borrow to finance even small purchases.

But First Command Educational Foundation (FCEF) and The Association for Financial Counseling and Planning Education® (AFCPE) are suggesting a solution.

It's called the *10% Solution* and it takes the math and the mystery out of saving. AFCPE and its 800 members, which includes FCEF, are announcing the start of a five-year campaign designed to increase the savings rate of Americans to 10%.

To figure out how much you have to save, simply take your gross pay each period and "drop" the last digit. If monthly gross income is \$2,000 per month, save \$200. If family income is \$60,000 each year, save \$6,000 per year or \$500 each month.

The percent of income saved by Americans dipped into negative territory in 2005 where it remains today. "This creates a dangerous climate for the economy, for our communities, for families and individuals," stated FCEF Executive Director Vickie Mauldin. "Debt creates stress both personally and professionally, but saving can give us a sense of well-being, issues such as:

"Saving relieves personal stress and improves relationships. Many studies suggest that disagreement over finances is a major reason for marital strife and divorce. For the unmarried, financial distress is a major factor in general dissatisfaction and unhappiness. Additional studies show that financial stress is not necessarily due to a lack of income, but instead is due to unsustainable spending, saving and investing patterns.

"Saving reduces reliance on credit and can save thousands of dollars in interest. The percentage of disposable income used to pay debts is still near record highs. The American Bankers Association reported in 2005 that 43% of consumers carry balances each month on their credit cards. Many Americans owe \$2,000 or more on their credit card debt resulting in approximately \$45 in interest each month.

“Saving helps fund a comfortable retirement yet most Americans are not putting enough away for retirement. As employers continue to decrease or eliminate pension benefits, private saving is the only remedy. Social Security benefits will not provide enough income for a sustainable retirement, and was never intended to do so.

“Saving increases confidence and the likelihood of getting out of poverty, Mauldin explained. Persons with even small amounts of savings are more likely to continue saving – even after depleting their savings to zero to meet an emergency.

“Saving is habit forming. If 10% is too overwhelming, start with 5%, or 3%, she suggested. Follow the formulas below for allocating your savings into retirement, emergency and future spending “funds.” Small amounts of saving quickly add up.

Consider putting one-half into a retirement plan – 401(k) or 403(b) plan at work, or an individual IRA or Roth IRA. Save one-third in a savings or money market account to cover emergencies. These funds can help pay for unexpected household or auto repairs, medical deductibles, or other unplanned expenditures. Place the remainder in a savings account to fund future goals such as a vacation, roof repairs, or college education.

FCEF is a nationwide non-profit public charity, headquartered in Fort Worth. Its mission includes financial literacy education, free of charge, to any requesting organization or corporation. “Our presentations deal with all aspects of money management,” said Mauldin. “We have more than 30 different topics, including savings, financial goal setting, funding a college education, home buying, and the wise use of credit.

“FCEF has been a member agency of AFCPE for a number of years. We are pleased to join in the concept of the 10% Solution by encouraging groups to call 817.569.2758 to schedule one of our certified speakers to provide training.”

#

For graphic art depicting downward trend in savings:

<http://www.bea.gov/briefrm/saving.htm>

10% Solution™ Savings Chart

To use the chart below, look up your hourly wage in the first column or annual salary in the second column. Then, find the amount you should save under the column for your pay period.

For example, a person making \$15 per hour and paid every two weeks should save \$120 from each pay. Under the 10% Solution model, the individual would save ½ or \$60 per pay in his or her retirement plan, 1/3 or \$40 in an emergency fund and the remaining \$20 for future purchases.

Wage or Salary		Pay Period			
Hourly Wage \$	Annual Income \$	Weekly Savings	Bi-Weekly Savings	Semi-Monthly Savings	Monthly Savings
6	12,480	24	48	52	104
7	14,560	28	56	61	121
8	16,640	32	64	69	139
9	18,720	36	72	78	156
10	20,800	40	80	87	173
11	22,880	44	88	95	191
12	24,960	48	96	104	208
13	27,040	52	104	113	225
14	29,120	56	112	121	243
15	31,200	60	120	130	260
16	33,280	64	128	139	277
17	35,360	68	136	147	295
18	37,440	72	144	156	312
19	39,520	76	152	165	329
20	41,600	80	160	173	347
21	43,680	84	168	182	364
22	45,760	88	176	191	381
23	47,840	92	184	199	399
24	49,920	96	192	208	416
25	52,000	100	200	217	433
26	54,080	104	208	225	451
27	56,160	108	216	234	468
28	58,240	112	224	243	485
29	60,320	116	232	251	503
30	62,400	120	240	260	520
31	64,480	124	248	269	537
32	66,560	128	256	277	555
33	68,640	132	264	286	572
34	70,720	136	272	295	589
35	72,800	140	280	303	607
36	74,880	144	288	312	624
37	76,960	148	296	321	641
38	79,040	152	304	329	659

