

SPRINGBOARD TO FINANCIAL SUCCESS

Once upon a time there were two characters: Bert and Ernie. After receiving a paycheck, Ernie always liked to buy the newest and trendy products that attracted his attention. On the other hand, Bert was a firm believer in the old saying "pay yourself first." After receiving a paycheck, he would always take care of his debts and put a certain portion of the remaining money into savings before he used his money for other activities. Both people grew older and eventually decided to retire. At that point, Bert was able to live happily, knowing that he had a "safety net" of savings to draw upon for his needs and dreams. Ernie spent the remaining years of his existence struggling to accumulate enough funds to survive, still squandering money on unnecessary products that caught his eye. Which one of these people is financially better off? Yup, you guessed it. Indeed, Bert is the financially literate one.

In the previous example, Bert used his financial knowledge to build up a foundation of savings for his life. Like Bert, my personal goal is to overcome potential financial hardships with finesse by saving my money. As Bert did, I believe the act of saving money will be vital to my success. What people don't know about Bert is that he decided to start saving since he was young. The fact that he saved at an early age started a trend of cautious spending that benefited himself throughout his life. With financial understanding, one knows that savings lay the foundation for everything else. First, savings give a person security. If some sort of economic reversal were to occur, a person with savings could better endure the hard times. Next, savings

give a person the opportunity to satisfy his or her material desires in a responsible way. As Bert did in the story above, one can draw upon savings to purchase what is needed or desired if proper budgeting has occurred. This relates to a third important reason to save: freedom to make choices in one's own life. With financial resources, a person has a broader range of sources to fit his changing needs. Indeed, saving money is important to build a foundation for life

Personally, saving money can be "my springboard to success." Through saving money, I can make my life secure now and prepare for the future. At this time, I can use my savings to help my daily needs and assuage the cost of a college education. The money that I plan to save in an Individual Retirement Account will compound and build as the IRA matures and will eventually yield an outstanding return on my initial investment. By continuing to budget, save, and "pay myself first," my savings will provide for my financial security now and in the future. I will have the opportunity to pay for the costs of those major things which I will probably desire: a car, a house, a college education for my children, opportunities for travel and enjoyment, and an enjoyable retirement. Therefore, because of the current and future implications of saving money, thoughtful efforts to save are clearly a gateway to a financially successful life

These savings for a secure and economically sound life will not, however, suddenly appear. There is no magical lamp to rub three times while wishing. On the contrary, practical steps exist which support becoming a savvy saver. First, it is necessary to educate oneself about financial planning. This includes taking economics courses at school and using available media; popular financial magazines, business and finance sections of newspapers, and television shows like Wall Street Week. After increasing financial literacy, one can then plan how to save money and establish achievable goals for saving. For instance, one may decide that a simple savings account at a local bank is a basic first step. Saving a certain percent of weekly income to the

account will help it grow. By having the necessary discipline to avoid superficial vices and by 'paying yourself first," savings can be further accumulated and later invested for higher returns. To summarize, the steps involved to become a savvy saver include educating oneself, deciding to save by making proper choices and financial goals, and then being disciplined enough to grow savings and invest them wisely.

Smart steps that I could take to improve my savings plan include all of my recommendations to become an educated saver. I have taken an advanced economics class in school and will be enrolled in another soon. I do try continually to educate myself in being financially sound by using the resources that are available to me. I have an IRA and a savings account at a local bank. Usually, I prefer to save my money than spend it. I could, however, heed my own advice and set a specific percentage of my earnings each week to deposit. In addition, creating a written budget for myself would allow me to better manage my funds. A budget would help me clarify needs versus wants and track my income and spending amounts clearly.

In conclusion, I always need to remember to "pay myself first"; I should always take care of the necessities before the luxuries. Throughout my financial career I will pursue the values and benefits of early saving. As a result I will endure the benefits and rewards of skillful saving. Overall, these steps to improve my savings plan are a foundation of having financial understanding. Financial understanding gives one the ability to make his or her own decisions with a clear financial vision for safety and security. Ernie, unfortunately never learned and struggled throughout his life for financial security. By staunch contrast, Bert guided himself responsibly through life and profited from pursuit of financial understanding - it pays!