



How to Get a Leg Up on Savings and Jumpstart Your Financial Future

Inflation and interest rates continue to influence savings rates among U.S. adults. According to a recent survey, 63% say inflation is causing them to save less for unexpected expenses and 45% say the same of interest rates. As a result, nearly 60% are uncomfortable with their current level of emergency savings and 27% have no emergency savings, the highest percentage since 2020. Only 44% say they could pay an emergency expense of \$1,000 or more from their savings.¹

Generationally, Americans vary widely in their emergency savings levels as indicated in the table below. While 16% of baby boomers say they have no emergency savings, that number more than doubles for millennials with 34% saying they have no savings.²

Generation (Age Range)	% with No Emergency Savings
Baby Boomers (ages 60-78)	16%
Gen X (ages 44-59)	31%
Millennials (ages 28-43)	34%
Gen Z (ages 18-27)	29%

The good news is that this trend may have reached a turning point this year with 36% of U.S. adults prioritizing both debt repayment and building emergency savings, the highest percentage since 2018.³ That's important because a lack of savings to pay for unexpected expenses is far more than an inconvenience – it can actually prevent you from accomplishing other important goals throughout your lifetime.

Whether you're starting from the ground up or looking to increase your emergency reserves, the three steps below can not only help you jumpstart savings but incorporate a disciplined approach that will serve you well throughout your lifetime.

1. Make savings a priority

Making savings a priority doesn't mean you need to sacrifice the things you enjoy in life. In fact, it's just the opposite. The more you're able to save, the greater the likelihood that you'll have the money you need, when you need it, to do the things you like without worrying if you can still pay this month's bills. However, doing so requires a commitment to living within your means to avoid routine overspending, which is a leading reason people fall short of their savings goals. That begins with assigning a purpose to each dollar coming into and leaving your household.

A budget can take the guesswork out of cash flow management by helping to categorize and track saving and spending based on your priorities. Check out budget apps you can download for free from your bank or preferred app store. Many will do the heavy lifting for you by aggregating data across your accounts so you can view cash flow in real time and receive personalized alerts to help keep spending in check.



FINANCIAL WATCH

2. Start somewhere

Speaking of heavy lifting, building savings is a lot like strengthening your muscles. Small actions lead to larger gains over time. And like physical strength training, consistency is the key to seeing financial results. But what if you currently don't have \$100, \$500, or more to set aside each month for emergency savings?

Start where you can. If you think saving \$10 or \$20 a week is not worth the effort, think again. Even small amounts go a long way toward building consistent savings habits. Not only do you gain the satisfaction of knowing you're taking steps to move closer to your goals, but those smaller amounts have an opportunity to grow over time thanks to the power of compounding. Compounding occurs when you earn interest on both the money you saved and the interest you earned. Of course, if you're able to save more each month, go for it! Having adequate emergency savings on hand has numerous benefits, from avoiding unnecessary credit card debt, to growing your net worth, weathering a job loss, and providing the confidence that you can handle an unanticipated expense without derailing your budget.

3. Pay yourself first

Whatever the amount you decide to set aside for emergency savings each month, make sure you're paying yourself first. If you wait until the end of the month or after all the bills are paid to add to savings, chances are, nothing will be left. The easiest way to consistently pay yourself first is by automating savings. There are several ways to do this. First, check to see if your employer offers the ability to directly deposit a designated amount from your paycheck to your savings account each pay period – similar to how you may already be making retirement plan contributions. If that option is not available, most financial institutions allow you to schedule automatic transfers from your checking account to a savings account, based on your preferred schedule.

To learn more about strategies for building or strengthening emergency savings, call the office to schedule a time to talk.

¹Gillespie, Lane, "Bankrate's 2024 Annual Emergency Savings Report." Bankrate.com, 20 JUN 2024, <https://www.bankrate.com/banking/savings/emergency-savings-report/>.

^{2,3}Ibid.

This information was written by KRW Creative Concepts, a non-affiliate of the broker-dealer.

Cetera Financial Group" refers to the network of independent retail firms encompassing, among others, Cetera Advisors LLC, Cetera Advisor Networks LLC, Cetera Investment Services LLC (marketed as Cetera Financial Institutions or Cetera Investors), and Cetera Financial Specialists LLC. All firms are members FINRA/SIPC. Located at: 655 W. Broadway, 11th Floor, San Diego, CA 92101.

Individuals affiliated with Cetera firms are either Registered Representatives who offer only brokerage services and receive transaction-based compensation (commissions), Investment Adviser Representatives who offer only investment advisory services and receive fees based on assets, or both Registered Representatives and Investment Adviser Representatives, who can offer both types of services.

This communication is designed to provide accurate and authoritative information on the subjects covered. It is not, however, intended to provide specific legal, tax, or other professional advice. For specific professional assistance, the services of an appropriate professional should be sought.

Some IRAs have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney. For a comprehensive review of your personal situation, always consult with a tax or legal advisor. Neither Cetera Firms nor any of its representatives may give legal or tax advice.