

Some Budgeting Tips For The Over Fifty Set

courtesy of AICCCA Member Family Service Credit Counseling

The first and most important budgeting tip for any age is to start a savings plan; but it is especially important for those looking forward to retirement in the near future. The question I am asked many times is:

How can I save?

The best answer is to pay yourself first, before you pay anyone or anything. Make it a habit to put something in savings each time you are paid. When you have a savings, you will feel more secure and ready to meet any circumstance that is just around the corner waiting to surprise you. We all have those times; however, savers can rise to the situation without feeling hopeless.

By the time we reach those Fifties and Sixties, the Golden Age as they have been named, most have many, many items in their households so when we are thinking about purchasing something to add to our homes, it may be interesting to ask ourselves some questions.

Why do I really want to buy the item?

Is this item something our family needs?

Will it help me attain my personal and family goals in retirement or keep us from attaining those goals in a timely manner?

Only you can answer those questions. You make the best decisions based on you and your family's values.



Another avenue to save concerns credit cards. Do you know how long it will take to pay off your current debt? How much interest will you pay for your purchase when you put it on a credit card? Read the small print and inform yourself. How much interest will depend on the interest rate and interest rates do change.

If you purchase something worth \$1,000 at 10% interest and pay just the minimum payment of \$40, it will take you 29 months to pay it off and the interest will cost you \$126.02.

If the interest rate is 15%, it will take 31 months and you will pay \$206.50.

If the interest rate is 25%, it will take 36 months (three years) to pay it off and the interest will total \$427.22.

All of the previous is with the understanding you are not charging any additional items to the account. Do you see how important it is to ask yourself whether you really need the item or do you only want the item? Would it be better to start saving for the purchase in advance and paying it in cash out of your savings? Only you can decide.

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