



Regions Next Step Podcast

Spotlight on Savings: The Rules of Thumb for Saving

In this podcast, Kariene Fortner, Financial Wellness Manager for Regions Bank’s North Region from Mobile, Ala., and Donna Medina, Financial Wellness Relationship Manager at Regions Bank in Nashville, Tenn., provide tips and best practices for starting and growing your savings.

Listen to learn from Kariene and Donna about the following topics:

- Budgeting tips for simple money savings
- Prioritizing budgeting
- Setting realistic financial goals
- Holding yourself accountable to save

Episode Transcript

Narrator:

You’re listening to the Next Step Podcast “The Rules of Thumb for Saving” – part of our Spotlight on Savings series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals. Today, we’re here with Kariene Fortner, Financial Wellness Relationship Manager at Regions Bank in Mobile, Alabama, and Donna Medina, Financial Wellness Relationship Manager at Regions Bank in Nashville, Tennessee.

Kariene Fortner:

Thank you for having me! I’m excited to be a part of today’s conversation.

Donna Medina:

Likewise. Savings is such a crucial part of financial health.

Narrator:

Definitely! So, let’s get right into it. To start off, when do you think is the right time to start getting ahead on your savings?



Kariene:

To be frank, there's no time like the present to reevaluate your approach to saving. The popular saying, "Out with the old and in with the new," can be especially relevant when people review their overall financial strategy. Sometimes you need to come up with new ways to save money.

Donna:

Agreed. It's not always easy to budget your money. But by following a few rules of thumb and budgeting tips, you might be surprised how much more money you can save.

Narrator:

Great! So, Kariene, let's talk about budgeting. What's your rule of thumb for prioritizing a budget?

Kariene:

When it comes to budgeting, it's never too early to save for the future. Start with retirement savings, then credit card debt, and then your emergency fund. I suggest allocating 10 percent of your income to savings. Then, when it comes to discretionary spending, plan to save 10 percent for the basics, 15 percent for comfort, and around 20 percent to escape. After your mortgage or rent, that leaves roughly 12 to 20 percent for the rest of your household needs – and maybe more if you're frugal.

Narrator:

Those are really helpful guidelines, thank you! Donna, is there anything else you would add?

Donna:

Kariene hit the nail on the head. I would just add one thing: to start a healthy savings, you have to tackle any large debt first. If you're not convinced, add up how much you're spending to pay off your debt each month. It'll become clear that it's preventing you from saving the way you really need to. But once you're free from paying interest on your debt, that money can easily be put into savings. A personal line of credit is just one option for consolidating debt so you can better pay it off.

Narrator:

Very good point. I've also heard that people should set aside three months of expenses in an emergency fund. Kariene, is that true?



Kariene:

That was true in the past. However, in today's economic climate, consider planning for six months. Include your mortgage, car payments and groceries. If that number is large, think about opening a money market account to earn interest.

Narrator:

Ok good to know. Now that we've talked about prioritizing a budget, let's turn to setting your budget and savings goals. Donna, what's a good rule of thumb here?

Donna:

A big factor in learning how to budget is setting your goals. It's not only helpful in measuring success but will help you maintain the consistency needed for saving.

My rule of thumb – especially if you're just starting out – is to try to save 10 percent of your income. If this is difficult, start small and build toward your goals. For example, set up a direct deposit with your employer, and have 10, 25 or 50 dollars moved directly into your savings instead of your checking. This can add up quickly! If you're farther along in your career, include investment goals in your savings strategy.

Kariene:

I agree. Goals are so important! They give you an end point to celebrate, and I think one of the best ways to save money is by visualizing what you're saving for. If you need motivation, set saving targets with a timeline to make it easier. For example, maybe you want to buy a house in three years with a 20 percent down payment. Based on that target, you can figure out how much you need to save each month to achieve that goal.

Donna:

And remember - you don't have to figure it all out on your own. Regions' online tools can help. Use the budget and savings calculators online to help you identify ways to meet your saving goals. Financial calculators are designed to help you see — and more importantly — better understand all the variables that go into each calculation.



Kariene:

Those calculators are definitely helpful!

Narrator:

Ok great. So, once you've set your goals, what's the rule of thumb for sticking to your savings plan?

Donna:

I'd say it's to practice accountability when it comes to your financial health. Don't overlook the small stuff for potential savings. This can mean packing a lunch instead of eating out, buying a regular coffee instead of a pricey specialty drink, or using your cell phone as your primary telephone. The list goes on and on. Keeping a record of expenses can help you identify wasteful spending and opportunities to cut back. This level of accountability is needed if you're serious about saving for the future.

Kariene:

Such a great point. Accountability will allow you to stay consistent and develop better savings habits.

Narrator:

Sounds like accountability is key when it comes to saving. I'd love to hear more practical tips like the ones you just mentioned, Donna. What other advice would you offer?

Donna:

One cost-saving idea is taking a "staycation" instead of a vacation. The term may be trendy, but the thought behind it is solid. Instead of dropping several thousand on airline tickets overseas, find fun destinations or activities closer to home. Or, if you can't drive the distance to your destination, look for cheap flights.

Another place to save on costs is utilities. You can call your utility company and ask for an energy audit or find a certified contractor for an energy efficiency review. They'll look for ways to make your house more energy efficient, such as sealing windows and doors or installing high-efficiency appliances. This could save you thousands in utility costs over time.



Kariene:

That's a good point! Also, consider keeping your savings separate from your checking account. This can help reduce the tendency to borrow from your savings.

Narrator:

Thank you both for all of these great practical tips! Sounds like there's a lot of ways to start saving more. Before we wrap, is there anything else you'd like our listeners to know?

Donna:

The last piece of advice I'd give is about deciding where to cut back. If you're just starting to save, you might be unsure of where to cut your spending. But, if you look at how much you spend on some of your habits annually, you'll be able to see the bigger picture.

For example, if you pay \$20 a week for snacks at the vending machine in your office, that's \$1,000 you're spending on snacks each year. That can be a significant sum!

Every dollar counts, so make sure you're reviewing your budget and goals carefully.

Narrator:

Thank you. Well that does it for our podcast on the rules of thumb for savings. We hope you can use these money-saving tips to generate ideas about the best ways to save money in your day-to-day life.

I want to thank Kariene and Donna for their part in this conversation today. You can find additional information about saving and more online at www.regions.com/nextstep. No matter your goals, Regions will help you with each step you want to take. Thank you for listening.

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