

The Habit Of Saving Money

By Hap Hansen

Saving money is sure tough these days. From everything one reads, it's going to take more and more money to survive our golden age. Unfortunately, too many folks are forced to save less and less and they have difficulty taking the time and trouble to become financially prepared for the later transitions of life. Continuing in retirement with dignity, perhaps taking care of a child or grandchild or an elderly relative can put substantial strains on anyone's financial resources.

A friend of mine in the investment business told me he was concerned that fewer and fewer of his clients are taking the trouble to put a little bit of cash away each month. He believes part of the problem is the low interest rates being paid today by financial institutions as well as the low rates being paid on government and corporate bonds. When these rates were in the six to eight percent range, many folks were putting money away. Now that the rates are one or two percent, or less, fewer people bother to save. He told me another interesting fact. A number of his clients who are the most concerned about low interest rates, have little or no principal upon which to receive interest! And they are the ones who most desperately need to save for the future.

He uses an effective story which sometimes convinces folks to begin saving some money. He says, "If ten years ago, you would have knocked a hole in your wall and faithfully stuffed a dollar bill into that hole each day, you would today have over \$3,600. You would have received no growth, no interest, no dividends. Could you use \$3,600 today?"

The point he tries to make is that it doesn't matter what the interest rate is, everyone should try to save something on a routine, regular basis. That may be difficult for many folks, but it also may be absolutely necessary if they are to survive financially in the coming years.

Certainly, no one recommends putting a hole in your living room wall just to stuff full of dollar bills. But we all need to continue thinking about providing for our own financial future and security, just in case. Besides, it's a pretty good feeling to have a few bucks set aside for a rainy day, no matter if interest is paid, or not.