

Welcome to the SeaComm Federal Credit Union podcast. Your guide to financial information and what's going on at your credit union.

April is Financial Literacy Month, a national campaign organized by the Jump\$tart Coalition to raise awareness about financial literacy and promote financial education. Financial Literacy Month's beginnings go back more than two decades. The campaign began as Youth Financial Literacy Day, first introduced by the National Endowment for Financial Education (NEFE).

In 2000, NEFE handed over the reins to the Jump\$tart Coalition, which expanded the one-day campaign to an entire month called Financial Literacy for Youth Month. The event's name was eventually changed to Financial Literacy Month. In 2004, the Senate passed a resolution to recognize April as Financial Literacy Month.

Now, as part of financial literacy month let's discuss savings.

You should save money for three basic reasons: an emergency fund, purchases and wealth building for your future, AKA retirement. When it comes to saving money, the amount you save is determined by how much you have left at the end of the month once you meet all the obligations of your budget.

How much should your emergency fund be?

Most experts recommend keeping three to six months' worth of expenses in an emergency fund, a smaller emergency fund may be appropriate while you're paying off debt. If you have no emergency fund, you may have to start small but at least start somewhere.

Saving for purchases is important because it will save you money in the long run. It may be a down payment for a mortgage or vehicle, it might be for furniture, appliances or other goods or it may be for fun, like a vacation. The more you save ahead of time the less you have to borrow which means the less you pay. Every time you buy something with credit the cost of that item goes up due to the interest you pay on the loan. Here at SeaComm, you can set up dedicated share accounts for emergency savings and each of your large goals and let the saving begin.

The third reason we save, wealth building is important for your future because at the end of your working life you will need income. The wealth you build through property and funds can provide that income. As the property's value increases and you pay down your mortgage, your equity grows. You can borrow against the equity to pursue other financial goals in the future, or you can sell the home for a profit. As far as funds are concerned, whether it's a 401k or similar tax advantaged retirement plan offered through your employer or an individual retirement account or IRA that you set up yourself, it's never too early to start to save to ensure that your retirement years are happy ones. SeaComm offers both Traditional and Roth IRA's and our personal advisor services can help you make smart decisions as you plan for your future.

That's it for this edition of the SeaComm Federal Credit Union podcast. Thanks for joining us!