

Talking Points: Why Save?

If you can identify typical savings goals when speaking with your clients, it may help you explain the benefits of saving in a way that is likely to resonate with clients. For example, parents may be motivated to save for their children's education.

Some savings goals are longer-term financial goals, like:

- Buying a car.
- Buying a house.
- Saving for college.
- Saving for retirement.

Other goals are more short-term, but may be more relevant to clients, such as:

- **Emergencies.** Having some money in the bank provides a safety net in case of illness or injury, job loss or other financial shocks.
 - **Household items.** Without a special saving effort, buying major durable goods like furniture or appliances often requires credit, which could be costly or difficult to receive.
 - **Children.** Some parents save in order to be good examples for their children, or to ensure they have money for infrequent or unexpected child-related expenses. School clothes, health care, or special activities fall into this category.
 - **Other.** Some clients may be planning a trip home to see family, special gifts for loved ones, or to take the first step away from an all-cash existence.
- Encourage, but don't pressure clients to save. It is their decision and it is important to respect whatever decision the clients have made.
- Remind your clients that over the past five years, hundreds of people just like them have used the automatic savings option.
- They can save as much or as little as they want.
- Let your clients know that they don't have to save their entire refund; saving some of their income tax refund and spending some is a good way to "have your cake and eat it too."
 - They can save any amount they choose. The *Ready, Set, Save* worksheet can help them decide the amount that is right for them.
 - Those who chose to save, on average, put 48 percent of their refunds into savings. The rest was used for other purposes.
 - Series I U.S. Savings Bonds can be purchased in \$50 increments. Series I Bonds will be issued in denominations of \$50, \$100, \$200, \$500, and \$1,000 depending on the amount requested.
- The process for saving their refund is easy, free, and fast.

- Completing IRS Form 8888 will only take a few extra minutes.
 - This is a free option. There are no fees or charges for splitting up their refund.
 - Paper Series I Savings Bonds will be delivered by mail.
- There are many benefits of saving.
- A tax refund is a good opportunity to start saving, especially for families living paycheck-to-paycheck.
 - Savings will grow over time, thanks to compounding interest. Adding small amounts on a regular basis will help it grow even faster.
Do the math. Saving just \$10 a week would add up to more than \$500 by this time next year.
When clients have money saved, they don't have to rely on costly credit – such as payday loans or store financing – when something breaks down or another financial shock hits.
- If they don't have their account information, keeping the worksheet in a visible place in their homes will serve as a good reminder of their decision. It will also help them remember how much they decided to save once their refund arrives.
- If they don't have a savings account they can:
- Purchase U.S. Series I Savings Bonds.
 - Request a direct deposit to their checking account talk to their bank or credit union about opening an account when the deposit arrives.
 - Tell taxpayers to ask about fees and how they can avoid them.

Links for More Information:

CFPB *Ready, Set, Save* Taxpayer Information and Worksheet –
<http://promotions.usa.gov/cfpbpubs.html>

Splitting Federal Income Tax Refunds, Important Information for IRS Partners –
<http://www.irs.gov/pub/irs-pdf/p4542.pdf>

Using Your Income Tax Refund to Save By Buying Series I U.S. Savings Bonds –
http://www.treasurydirect.gov/indiv/research/faq/faq_irstaxfeature.htm

IRS Form 8888 and Instructions – <http://www.irs.gov/pub/irs-pdf/f8888.pdf>