



Making More Cents Quarterly Newsletter

January 2025



Fed Pauses on Further Rate Cuts

With inflation concerns still persisting, the Federal Reserve in its January meeting, decided to hold rates steady and adopt a “wait and see” policy with respect to further rate cuts. As 2025 begins it appears that interest rates may not be coming down as quickly as they surged. From growing

your savings to cutting costs and building credit, the below strategies can help you thrive financially this year.

1. Take Advantage of High-Yield Savings Accounts

Interest rates on [high-yield savings accounts \(HYSAs\)](#) remain competitive, with some offering APYs over **4.5%**. Compared to the national average of **0.41%**, moving your money to an HYSA can dramatically grow your savings. For example, depositing \$10,000 in an account earning 4.35% APY could earn you **\$435 in interest** in one year— **almost 10 times more** than the \$41 you'd earn in a standard account. Start leveraging these [accounts](#) to maximize your returns on emergency funds and [short-term savings](#).

2. Build Your Credit History to Secure Better Rates

Your credit score is key to unlocking lower interest rates on credit cards, loans, and even mortgages. [By building a solid credit history](#), you can save thousands in interest payments.

For example:

- A person with a **credit score of 750** might secure a car loan with an interest rate of **4%**, while someone with a **score of 600** may face rates closer to **10%**. On a \$25,000 loan over five years, the person with the higher score would pay **\$2,625** in total interest, while the lower-score borrower would pay **\$6,875**—a difference of **\$4,250!**

[To build or improve your credit:](#)

- Pay bills on time every month.
- Keep your credit utilization below **30%** of your limit.
- Check your credit report regularly for errors.

3. Refinance Auto Loans to Save Big

If you took out an auto loan at a higher interest rate, [refinancing in 2025](#) could save you hundreds, or even thousands, of dollars. Current rates are competitive, so it's worth shopping around. For instance, [refinancing a \\$20,000 car loan](#) from 8% to 5% could lower your monthly payment by **\$33** and save you over **\$1,000** over the life of the loan.

4. Max Out Retirement Contributions

The IRS has increased contribution limits for 401(k)s and IRAs in 2025, allowing you to save more for retirement while enjoying tax advantages. If you're under **50**, you can contribute up to **\$23,000** to your 401(k). For those **50 and older**, catch-up contributions allow you to save even more. Take advantage of these limits to maximize your savings and benefit from compound growth.

5. Review and Update Insurance Policies

Whether it's auto, health, or home insurance, review your policies in 2025. Compare quotes from other providers to ensure you're getting the best deal. Many people save hundreds of dollars annually by switching providers or bundling policies.

6. Invest in Yourself


Set aside part of your budget for self-improvement. Whether it's pursuing a certification, learning new skills, or starting a side hustle, these investments can increase your earning potential and diversify your income.


7. Pay off High Interest Debt

If you're carrying high-interest credit card debt, consider transferring it to a **0% introductory APR card** or [apply for a personal loan](#) to consolidate any high interest credit card debt. For intro 0% credit card offers, be mindful of transfer fees, but even with the fees, the savings can usually be significant compared to carrying high-interest debt.

The Bottom Line

2025 is the year to take charge of your finances. Whether you're building your savings, refinancing debt, improving your credit, or investing in your future, small steps now can lead to big results later.

 **Pro Tip:** The earlier you act, the more time you have to benefit. Start today and make 2025 your most financially successful year yet!

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