



You earn what you save

By Chase Byler, vice president, senior relationship manager, PSDLAF

As investment rates continue to hover around 0% (even lower than they were during the 2008 recession), I am reminded of the following phrase from my childhood: “A penny saved is a penny earned.” As we continue to monitor the upcoming interest rate environment, it is important to not only focus on maximizing your interest but to take a deep look at how your school can save as well.

Within the confines of school business, there are many widely utilized opportunities to enact these saving strategies without a lot of extra effort. A few of these strategies that are worth looking into are:

- Restructuring or refinancing debt
- Procurement cards
- Ability to prepay expenses

Like your home mortgage, it might be time to refinance. Restructuring debt is the most considered way to save significant money during a low interest rate environment. Restructuring or refinancing current debt is a strategy that can be utilized throughout the life of the debt issuance and is definitely worth

exploring. During periods of low interest rates, every school should contact its investment banking professionals to discuss what strategies may be available if they have not already done so.

Get rewarded for spending money you have to spend. Within each business office, everyday expenditures, both big and small, can often be paid for by a procurement card (which is different than a credit card). Procurement cards operate in a similar manner to credit cards in that the school will receive a rebate for the amount being spent but have higher levels of control and reporting/reconciliation capabilities. There are different types of procurement card programs with different rewards, such as tiered rebates based off an aggregate group spend or a flat percentage of each purchase. These cards allow the school to earn rebates and receive real money back from its normal everyday spend. What could your school do with an additional \$1,000 or \$5,000 or \$10,000 rebate?

Take advantage of any discounts offered. Yet another strategy to attempt to

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save money from an everyday expenditure would be to review the cash flow and inquire with professional vendor partners if it is possible to receive a discount for an early lump-sum payment for the goods and services. Some industries, such as health insurance and fuel providers, may offer this ability in the form of a percentage discount. In a low interest rate environment, this discount may be higher than any interest rate that could be received from a comparable investment.

As we all continue to navigate this suppressed interest rate environment for the foreseeable future, it is not only important to maintain our mentality of investment earnings, but to also include a mentality of savings. After all, looking into common saving strategies in this environment just makes “cents.” **B**