March 2010 *MoneyMinute* – The Freedom to Save

By Bob Veres

Save and invest, month in, month out – it sounds like a grind, especially now, when many Americans are cutting back and saving more for retirement. But if you turn it around, you realize that just being allowed to save money and keep for yourself some of what you earn is a privilege that not everybody enjoys.

A case in point is the North Koreans, who are now participating in a government-sponsored currency exchange program. All citizens of North Korea will be required to trade in all of their savings – that is, the bills and coins that they have collected from private activities like sewing clothes or growing food in their back lawns. These savings are always in the form of actual money, kept in jars or boxes, because the Korean banking system doesn't take individual deposits the way banks do in the U.S., and there is no stock exchange for local citizens – or, of course, access to global investment opportunities.

At the end of this month, the old North Korean money will no longer be accepted anywhere. It must be traded for new bills which depict the log cabin where the Dear Leader and former Communist strongman Kim Il Sung was born.

Here's the catch. Each family will only be allowed to exchange 100,000 won – the equivalent of about $30. That, astonishingly, represents the most any private citizen will be allowed to have in total savings after the exchange, no matter how much they had before.

This is a great time to consider how lucky we are to live in a country where we are encouraged – and allowed – to save and invest for our future. Nobody will ever knock on our door and tell us that after a lifetime of work, the money we have set aside is no good anymore – except 30 dollars, or roughly the amount it costs to buy a large bag of rice. Compared to that, the grind of saving has the sweet taste of freedom.

Bob Veres is the publisher of Inside Information, an information service for financial planners. Bob is a journalist who covers the financial planning profession and a keen observer of the financial services industry for more than 20 years.

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