

THE 7 ESSENTIAL STEPS FOR SAVING MONEY

It can be overwhelming to start saving money, which is why it's often viewed as a difficult thing to achieve. The secret, and sometimes the hardest thing about saving, is just getting started.

You can start by setting a small, achievable short-term goal for something fun that you are unlikely to have the cash on hand to pay for, such as a new smartphone.

Achieving smaller goals – and enjoying the reward you've saved for – can give you a psychological lift that makes the payoff of saving more immediate and reinforces the habit.

Staying motivated to save money can be made easy by following our tips explained here.

01 SET YOUR SAVING GOALS

Start by thinking of what you might want to save for. Perhaps you're getting married, buying a car, or saving for school fees. Figure out how much money you'll need and how long it might take you to save it.

02 RECORD ALL YOUR EXPENSES

Figure out how much you currently spend. Keep track and a record of all your expenses – that means every lunch, coffee, and household items you purchase daily, weekly, and monthly.

03 SET UP A BUDGET

Once you have an idea of what you spend in a month, you can begin to organise your recorded expenses into a workable budget. Your budget should outline how your expenses measure up to your income – so you can plan your spending and limit overspending. Include a savings category, which clearly states

how much you aim to save as a percentage of your income.

04 CUT DOWN ON YOUR EXPENSES

If you find your expenses are high and you can't save as much as you'd like, identify non-essentials expenditure, such as entertainment, and spend less. Look for ways to save on your fixed monthly expenses, such as your mobile phone, by buying bundled packages.

05 WATCH YOUR SAVINGS GROW

Review your budget and check your progress every month. Not only will this help you stick to your personal savings plan, but it also helps you identify and fix problems quickly.

06 PICK THE RIGHT TOOLS

Get the right account for your goal. Do you have a short- or long-term goal? Depending on your answer, you need to open a savings or investment account that is tailored to your needs.

07 THE POWER OF HABIT

By paying money into your savings account first thing every month, or even setting up a standing order, you're creating a savings habit that's more likely to last than when you're only saving occasionally.

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