



Get into the swing of saving

Some months, do you get the feeling there's a hole at the bottom of your bank account, and your savings are falling through it when you're not looking?

Of course, there's no hole – not literally, anyway. But there probably is a debit card, a credit card, a few automated monthly debits, rent or mortgage payments, groceries and utility bills. There might also be your inclination to buy books and movies rather than borrowing or renting them, or to buy your lunch every day rather than taking leftovers to work. To save more of your hard-earned money, you need a plan.

THINK AHEAD AND SAVE ACCORDINGLY

Look at where your money goes. Do you have a category for savings or investments, or do you just save whatever is left at the end of the month? To save effectively, every month some part of your income

should be deliberately allocated towards your future, whether that means your retirement, a chance to go back to school someday, a new car or that exotic vacation you've always wanted to take.

To make saving easier, pay yourself first. Set up your savings or investment vehicle – such as a mutual fund or segregated fund so that every month, a portion of your paycheck is contributed directly into the fund before the remainder is deposited to your bank account. Then use your reduced paycheck as your baseline monthly income for budgeting purposes.

Another useful idea is to set up a high-interest bank account. Whatever savings product you choose, it doesn't have to be much – as little as \$50 or \$100 a month can really add up over time.

If your savings goal is a trip or a major purchase, set up an investment vehicle specially ear-marked for that goal and make regular contributions to it. That way, when you've saved enough, you won't feel too guilty using the money, since it won't be coming out of your bank account.





BE STRICT WITH YOURSELF

If you've already created a budget and identified a way you can cut back, find out how much you can expect to save from that measure and start putting the entire amount away every month. For example, you may decide not to buy your lunch anymore, and calculate that you can save \$5 a day that way. That's \$100 a month that can go straight into a savings account.

You might also make a deal with yourself to deposit any cash gifts into a savings account, whether it's a holiday bonus, a birthday cheque or a GST credit.

The important thing is to start saving soon, and make it a regular habit.

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