



Developing a Savings Strategy

Remember the old adage, a penny saved is a penny earned? Well, this could not be more true today. With the price of goods and services on the rise, saving has become a rule for survival rather than just a guide. Many people say that they do not make enough money to save while others say they will start saving later on in life. Neither statement is a wise approach to tackling this business of saving. People who believe that they cannot save usually do not budget. They therefore do not know how much their expenses are and how much they can save. We would like to suggest the following guidelines to help you with developing a good savings plan:

- **Pay your self first**
Place the amount you save monthly as part of your expenses. The amount you save should not be what is left over after you have taken out all your expenses.
- **Use salary deductions**
It is easier to have a standing order set up to pay recurring commitments (loans etc) so that the money is taken from your pay cheque and sent directly to the relevant account. This takes away the temptation to spend the funds.
- **Open a separate account**
People usually open a savings account and manage all their affairs from this account. In a sense, this then becomes an operating account and so it is difficult to save in this account. One needs to open a separate account solely for the purpose of saving.
- **Pay installments to yourself**
After paying off loans or other debts, use these funds as a form of savings. Keep putting them in a separate account.
- **Pay your credit card bill in full every month**
Your credit card bill is one expense that if left unchecked, could get out of control very quickly. Try as much as possible to pay off any outstanding debt on your credit card monthly.
- **Try a crash budget**
From time to time, one should try living on a crash budget i.e. foregoing all unnecessary expenses and putting additional monies aside.
- **Creating additional funds**

To save effectively, you must revamp your entire lifestyle. This includes reducing the amount that is spent on variable costs like utilities, entertainment and food. Spending more conservatively can free up additional funds for saving.

Saving, as with anything else, will only be successful if you plan for it. Although it may seem difficult at first, after careful planning it becomes easier to do and the long-term benefits far outweigh the initial discomfort of having to adjust to spending less.