

Save for set goals



- **Step 1 - Get a plan**
- **Step 2 - Allocate a cost**
- **Step 3 - Do a budget**
- **Step 4 - Set up separate accounts**

Saving - no matter how much or how little you save - is a fantastic way to feel confident and in control of your finances. Not to mention that it helps you to achieve your future goals. So make a decision to start today!

Step 1 - Get a plan

The first step is to decide what it is that you want to save for. Whether it's something specific such as a holiday or a car, or a more general goal such as having a cash buffer for "just in case", knowing what it is that you want will give you the motivation to start putting money aside.

Grab a piece of paper and a pen and write a list of your goals under the headings "Short Term" (1 - 3 years), "Medium Term" (4 - 10 years) and "Long Term" (10 years plus). Then prioritise which goals are the most important to you. You might want the lot, but you've got to prioritise!

Step 2 - Allocate a cost

Allocate a cost to your important goals. When you divide that cost by the number of months between now and when you want to achieve the goal, it will give you a rough estimate of how much you need to save each month to make it happen. For example, a \$5,000 holiday in two years time would be a savings goal of around \$200 per month between now and then. A \$15,000 house deposit in five years time would be a savings goal of \$250 a month.

Once you know how much you ideally want to save you can look at some strategies to make it happen.

Step 3 - Do a budget

For most of us, saving money will mean cutting costs so that it can happen. The most effective way to cut your costs is to do a written budget so that you can work out what exactly it is that you do spend your money on. Try a budget planner to get started.

There are plenty of easy ways to cut your expenses, such as repaying personal debt, taking a cut lunch to work, cutting your bank fees, cooking instead of getting takeaway, shopping with cash instead of credit. Even spending a few hours reviewing your telephone, electricity, car insurance and home and contents insurance contracts could net you some significant savings.

Step 4 - Set up a separate account

Alright, now that you know how much you need to save and how much you can save, set up a separate bank account to put your savings into. That way the money won't get mixed into your everyday transaction accounts and "accidentally" spent!

Next - have you heard the expression: "out of sight, out of mind"? Ask your employer to direct debit your allocated savings amount straight into your purpose-built bank account every payday. That way the savings money is never in your spending account and eventually you'll even forget that it's happening.