

7 simple ways to start saving money now

How to create a savings plan and stick to it

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Most people realize that saving their hard-earned money is essential to ensuring a comfortable future. It's just the actual execution of a savings plan that eludes them. But trying to save without a concrete plan can leave you feeling directionless and lost, both of which seriously hinder progress. On the other hand, implementing a savings plan that is too stringent could lead to feelings of discouragement, which may drive you to abandon your path.

So what are the best ways to create a savings plan and stick to it?

Set a goal

First, identify what you're saving for, says [Noel D'Souza, a certified financial planner with Money Coaches Canada in Toronto](#). Whether it's a trip to Italy you hope to take in a few months, a down payment for your dream house, or the big one—saving for retirement—having a very specific goal will help you stay motivated and on track.

The truth is, society has gotten away from the saving habit because we now all have easy access to credit. But saving takes the stress out of wondering if you have enough money or not.

Open an account for your savings

Second, it helps if you open separate savings accounts dedicated to your goals, rather than having one account for all your funds. "It's very hard to tell what your money is meant for when you have it in one big pile," explains D'Souza. "We have so many demands on our lives...It's really hard for people to figure out if they have enough money and if they're actually saving or not." It helps if you have saving accounts like RRSPs or TFSAs because they're separate accounts that earmark money for a special goal, whether it's retirement, an emergency fund, or saving for a home.

Start tracking and trimming

You can't escape having to run the numbers and tracking your expenses to determine how much you're truly able to save. Calculate your monthly basic expenses and see if there are ways to trim down bill payments—whether it's the utilities, heating or cell phone bills. Then, subtract your fixed expenses from your monthly net income and take a look at what's left over. One tip is to focus in on your discretionary expenses (restaurant meals, coffee, clothes, fitness club, etc.) and see if there are ways you can cut back. For instance, instead of eating out for lunch every day at work at \$10 a meal, it may make more sense to bring your lunch from home and enjoy a meal out with friends for \$30 on Friday nights.

Have a 'fun fund'

Cutting back on discretionary expenses is not about total denial. Instead, it's about making sure you're getting maximum pleasure from some of the day-to-day expenses you chose to spend your spare change on. For some people, it also helps to set up a 'fun fund' adds D'Souza so that they always have some fun money set aside for entertainment every month, keeping your savings plan from feeling too restrictive.

Set it, don't forget it

Once you've done this initial planning, the best way to stick to your savings plan is to automate the transfer of funds to your various savings accounts. You can do that by setting up monthly pre-authorized payments to your bank accounts on the first of every month. This way, it's not a question of finding the

willpower to save every month. “Save first for the goals that you have and then spend what’s left over,” says D’Souza. “It’s amazing how we adapt to what we have.”

Eliminate temptations

While automating your plan takes much of the work out of saving, the best way to resist temptation is to avoid it altogether. Instead of walking aimlessly through the mall after work, where you may be tempted by storefront displays and clearance sales, take a walk outdoors instead, join a book club or whip up some homemade meals so you don’t have a chance to spend unnecessarily.

And start thinking big

Once you’ve learned how to free up funds, and have the basic framework for your savings plan, you can start saving for longer-term goals, such as retirement. The golden rule is that you need to save 10% of your gross income to live comfortably in your retirement years. While this is a good jumping off point to your journey to savings (some savings is better than none, after all), it’s best to figure out what kind of lifestyle you really need in retirement and to personalize your savings plan accordingly, says D’Souza. For instance, the basic 10% rule is best for those in their 20s who are just starting out. If you’re starting to save for retirement later in life, this percentage would have to be bumped up to account for lost time—perhaps to as much as 20% to 30% of gross income.

And finally, the key to any savings plan is to stick with it. Even if you overspend some years or miss a savings target here or there, remember that you’ll still have much more in savings than you would have had you not taken the time to put together a basic plan. You’ll reach your goal a few months later, but you’ll still get there in good time.

Plus one more:

Get ahead of the crowd

Many people feel pressured by their peers to live a lifestyle that they can’t necessarily sustain, says D’Souza. If you’re going out to a restaurant with friends for dinner, you may feel the need to match their orders in terms of expense. That could be pricey and break your budget. Instead, to keep expenses in check, place your order first, so that you get what *you* can afford without feeling the need to compete. Your wallet will thank you.