

7 Tips to Save Money Where You Didn't Know You Could



Executive Summary

Regardless of how much money you make, often times it seems it'll never be enough to fund your retirement. Fortunately, saving money doesn't have to be as stressful an endeavor as you may think. There are numerous seemingly small habits you can implement, that will make a big difference in the long run.

Saving money in unexpected ways is about knowing how much money you have, and where exactly it is going. Check out the following helpful tips and tricks to not only help you keep track of your hard-earned money but also help save some of those precious pennies too!

What you need to know

Below are 7 steps that either save money, or will make saving so much easier. Give them a try.

1. Erase Consumer Debt: This type of debt includes credit card and line of credit debt. To help minimize your debt considering the following:

- Stop using credit cards, move to debit cards, you will feel the pain of purchase
- Make a REASONABLE plan to stop using and start paying off these debts
- Always pay credit cards bills on time, even partial payments
- Shop around for or negotiate the best possible interest rates
- Make biweekly credit card payments, timed with your pay-periods

2. Pay Yourself First: Set up a direct deposit that automatically transfers a percentage of your income into a high interest savings account, or RRSP every month or better yet, biweekly. This will not only help you be prepared for unexpected expenses but you'll be taking advantage of the power of compound interest.

3. Use a budget app: Entering EVERY purchase into a smartphone app as you buy them and then keeping track of how much you spend and where you spend it *as it happens* will help you be a more disciplined spender.

Go to the AppStore for your phone, find a highly rated one you like and start using it immediately.

4. Set a budget: Review the last 3-6 months of credit card and bank statements; identify and total the spending by category or location to determine unnecessary/discretionary spending. Determine what is necessary and can't really be adjusted much, like the electrical bill, property taxes or mortgage. Most importantly identify the spending that can be adjusted like mid-week restaurant meals driven out of busy-ness, boredom or fatigue (\$100 per week per family could fund RESPs instead!) Thinking of the days and weeks that you started with \$100 and then had \$0 AND had nothing to show for it, is what this budgeting step is about.



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As an extra disciplined step withdraw monthly spending money and divide your monthly cash budget among separate envelopes dedicated to each expense. When the envelope is empty, your spending on that item is over for the month. If you have extra, put it toward paying off your debt.

5. Delete your credit card information from online accounts: Doing this will add an additional hindrance to online shopping and allow you to rethink your purchase each time you're tempted to purchase something.

6. Introduce a 30-day rule: If you feel like treating yourself to an unnecessary purchase, write the item down and wait 30 days. If at the end of that time you decide you still want it, then go for it. Even better, use that 30-day timeframe to save the money to make the purchase rather than charge it to your credit card.

Record each of the impulses to make an unnecessary purchase, to see if there is a trend or theme to these needs and desires.

7. Discover cheap or free ways to have fun and recreation: Inexpensive pursuits typically don't have the cache of pricey activities. Is it more connecting and exciting to visit a museum or gallery for free, discussing what you see while you're there, and later over a glass of wine at home, or is a \$50 night at the movies with tickets, popcorn and candy sitting silently in the dark more enjoyable. Each have their own benefits, and each provide 'fun' at the right time, but don't always take the easy and expensive escape. Invest a little time to research what is possible to both enrich your life and spare your budget.

The Bottom Line

Saving money is not only about creative cost cutting, but also about making smart spending decisions. It is never too late to take a look at your finances and start trimming away any excessive spending. You'd be surprised at the big differences small changes will make on your savings.

