**Saving Money**



Before you can plan for savings, you have to know how much money you have to work with. Use the following charts to help determine your disposable income and how you can split that up into savings.

Income & EXPENSES

List all sources of income, how much you are paid and how often you are paid with each. Total at the end.

|  |  |  |
| --- | --- | --- |
| INCOME SOURCE | FREQUENCY | AMOUNT |
|  |  |  |
|  |  |  |
|  |  |  |
|  | MONTHLY TOTAL |  |

Now list all expenses you pay each month. Include obligatory expenses such as mortgage payments, groceries and insurance as well as discretionary expenses such as cable TV, internet, gym memberships and beauty products. Total at the end.

|  |  |
| --- | --- |
| MONTHLY EXPENSE | AMOUNT |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
|  |  |
| MONTHLY TOTAL |  |

Finally, subtract your monthly expenses from your monthly income to find your disposable income. The more you can shrink your expenses, the more disposable income you will have.

Your Savings Plan

Once you know your disposable income, you can better determine how much you can put towards each of your savings goals. It's recommended that you have multiple accounts rather than just one so each account has a purpose.

When setting your monthly deposits, you'll want to first decide how much money you need in each account, which accounts are the highest priority and what date you need to reach your goal for each account.

For example, if you currently have no savings accounts, you may want to create three; one for emergencies, one for non-emergencies and one that is for long term goals. If a long-term goal is to buy a vacation home within the next 10 years and you know you'll need approximately $200,000 to do so, then you would divide $200,000 by 120 months. You can see you would need to save approximately $1,670 per month to meet this goal.

Long-term Savings

This savings account would be things like retirement, vacation homes and so forth.

|  |  |  |
| --- | --- | --- |
| PURPOSE | MONTHLY DEPOSIT GOAL | ACTUAL MONTHLY DEPOSIT |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Emergency Fund Savings

This fund should be large enough to cover all of your expenses for several months in case of illness or layoff. It might also include things like saving for home and car repairs.

|  |  |  |
| --- | --- | --- |
| PURPOSE | MONTHLY DEPOSIT GOAL | ACTUAL MONTHLY DEPOSIT |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Non-Emergency savings

This fund would be more for wants than for needs. It might include vacations, holiday gift buying, home remodels, splurging for a boat or other recreational vehicle.

|  |  |  |
| --- | --- | --- |
| PURPOSE | MONTHLY DEPOSIT GOAL | ACTUAL MONTHLY DEPOSIT |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

Tips for saving

* Set up automatic transfers from your checking to your savings for the day following each payday. This allows time for any delays in the depositing but will pull the allotted amount prior to you spending.
* Set up multiple savings accounts, one for each of your goals.
* Cut excess spending to increase the amount you can save each month.
* Make your emergency fund a priority to start with. Once you've reached your goal for it, you can focus on building the other accounts, dividing the amount you were adding to your emergency fund to your other accounts, growing them faster.
* Pay all bills on time or set them up for automatic payments to avoid late fees.
* When considering deals such as with cell phones, cable TV and other subscription services. Think long term. You might think an extra $20 a month is no big deal for some fancy features but that $20 could go into a savings making you $2500 richer in 10 years. Multiply that by several things you may splurge on each month and you can see how it could quickly fill your savings account.
* Make use of coupons and shop second hand stores when possible. Those two things alone can save you hundreds or thousands of dollars each year.
* Spend less on gift buying. Instead, give the gift of your time. It will make more of an impact on the recipient and will be remembered more than a purchased gift.