

# Tips to Help You Start Building Savings



Are you up to your eyes in debt? Do you like to shop? Is there are large purchase you're considering? Do you know what your actual cost of living is these days? Are you tired of wasting money and ready to prepare for the future? When I was younger, saving and not spending was probably the most difficult skill to hone and control.

As I get closer and closer to my thirties the question is no longer, where do I want to be in 10 years but where I am I going to be in 5? I've finally learned it pays to be thrifty and there's lots of ways to do it without being cheap. If I had continued spending money like I did when I was twenty I would be in serious trouble today. Here are some tips to help you start saving today.

## Get Your Finances in Order

Does it seem like every time you deposit a check in the bank it's gone before you know it? Or are your [growing savings](#) being quickly depleted because of additional expenses? There are lots of situations in life that can lead to financial stress. If you never get out of a state of emergency, you will never be able to start saving for the future.

When I was in college I had two jobs while attending school and I just barely eked by. Meanwhile, I didn't save a penny. I would usually spend my money as soon as I got it, or shortly thereafter. I could spend a hundred dollars a day and not figure out where it all went. It seems to me, life is always more expensive than you expect it to be. Each year, life seems to become more and more expensive and if you don't have your finances under control you will soon find yourself in a state of financial distress.

If you want to stay on top of things, you must write down exactly what your monthly expenses are. If you are spending more than you earn you have a problem and it's not the amount of money you're making either. When calculating your expenses add up everything you spend each month from bills to shopping, gas, and food. Don't just estimate either, figure out the exact cost of your life. Once it is written down on paper you will see where you are spending unnecessary amounts of money.

When I sat down to figure out my expenses a couple of years ago I figured out I was spending approximately \$750 a year on my morning coffee and newspaper. Now, I read the paper at the library or diner where it's free, and I make a fresh pot of coffee at home instead of buying a cup. I've saved about \$350 per year on coffee and the newspaper.



### Start Saving

This is where saving becomes important. As you scale back on your expenses or find cheaper ways to get them, you should begin making weekly deposits in your savings account. If you save \$50 each week by carpooling to work, take that money and deposit it in your savings account at the end of the week.

If you save money by brown bagging instead of eating out for lunch, put that money in the bank at the end of each week. As you begin to spend less and save more you will see your money grow quickly. If you like to shop and it's hard for you not to spend money you have to try even harder. Avoid the urge to spend. Do you really need those new shoes or that new car? Once the money in your savings account grows bigger you may be tempted to spend it. Let it grow and leave it alone. This money is for your future, for your health, for your children, or your retirement.

## Stop Wasting Time, Money, and Resources

There are lots of ways we waste money and almost everyone is guilty of something. You can spend less and it's easy by only making a few lifestyle adjustments. If you want to save money you have to decrease your waste. This rule basically applies to everything in life. You can waste time, you can waste money, and you can waste resources. These wastes combined take away from building up your savings. Think about how many hours you spend watching television or surfing the Internet. All of that time could have been spent on something more worthwhile. For one year, I did not watch any television and it was the most creative, inspired time of my life. I accomplished more that year than I ever did or since have done.

People waste money every day in a huge number of ways. In my life, the lotto has been one of the biggest wastes of money. It's not that I'm a gambling addict, but I have spent a considerable amount of money playing the million-dollar games and I like scratch offs every now and then. But, so far, I have never won anything even close to what I have spent on it.

As far as I'm concerned, I'd rather hand my money over directly to the schools and cut out the middle man out. If I'm going to spend my money, I'd rather it was for a good cause than for my one in a million chance of becoming rich from lotto. So, that's my secret indulgence and I'm sure everyone has one. The key to success though is to control how much you spend on these things, and buying only when you can truly afford it.

If you want to get a handle on your spending it is always wise to cut back on the amount of resources, you use. Buy things more things in bulk to save money and create less waste. Instead of using paper towels, use hand towels that can be washed, and you eliminate the cost and garbage created. Same thing goes for diapers which take forever to deteriorate in landfills.

You can use less gas and oil by carpooling, turning down the heat in your home to a comfortable 68, and by not using a gas-powered dryer. Food wastes can be composted and used for fertilizer and making it at home doesn't cost anything. The list could go on and on for ideas on how to reduce waste, but that is another topic for another day.



## Collect Interest and Avoid Taxes

Other than cutting back on spending there are other ways to save and help your money grow. First, transfer your savings account to a credit union. Most credit unions allow you to collect interest on the money in your savings account. The more money you save each year, the more interest you are paid. It's a win, win situation. You should also sign up for direct deposit on your paychecks, specifying a percentage of money that automatically goes to your savings account.

Even if you only deposit \$200 from your paycheck each month into your savings that's \$2,400 you saved in a year. If you are offered a 401K at work it is best to opt in, especially if you see yourself working for the company long term. By adding money to your 401K, you are saving for the future without really having to do anything. Often, the money is added to your 401K before taxes which also saves money in the long run.

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