

RESERVE BANK OF FIJI



Welcome to the Reserve Bank of Fiji's Public Awareness column. Our article series on 'Savings' began last week as we looked at creative ways to teach our children to save money. In continuing the series, this week we look at tips to help you save more money.

11 TIPS TO HELP YOU SAVE MORE MONEY

The end to the festive season usually leaves most of us “dry” in terms of money. It is an opportune time to start with a savings plan earlier on during the year rather than later. Simple things such as eating out less or making your own coffee rather than running out to buy one will help you save a little extra cash. For savers, both young and old, letting go of these small daily pleasures can be quite difficult, especially for those millennials who may already find it really hard to save. Fortunately there are ways to save money without having to impose too many limitations on yourself.

Admittedly, for the majority of our population, having to save up to buy a first home, car or that much awaited trip, can be quite daunting. Often, cutting back on expenses is the first thing that comes to mind, however this may not work for everyone. The issue then is to find a way to increase savings without having to sacrifice one's lifestyle too much.

Here are some tips that can help cultivate a savings habit and help you reach your financial goals and targets:

1. **How much do you need to save? Set a quantifiable amount.** The first step is to figure out just how much money you need to save and the time that you have to attain your financial target. Another tip is to raise your savings amount by a few dollars to save a little extra for unforeseen circumstances or expenses that may arise.
2. **Open up a separate savings account.** Now this tip is for those struggling to manage their funds. Having designated accounts, one to receive your pay and from which you can withdraw to make your weekly/monthly payments, and another “savings account” to direct a portion of your pay purely for your savings, can help foster a savings behaviour. Check with various banks and ask for their fees, charges and interest paid. This will help you to choose a low fee and reasonable interest paying account to make the most of your savings. However if you find it more convenient to keep a single account, you may wish to pay close attention to the other tips mentioned to help you manage your money.
3. **Track your savings, keep a record.** Keeping an eye on all your expenses can help identify unnecessary cash outlays by showing you where you can cut back. Visually tracking your savings, for example in a simply laid out excel sheet or diary, can also be a big motivator, showing you your progress or areas in need for improvement.
4. **Negotiate and keep an eye out for “sale” items.** As a consumer don't be afraid to ask for discounts! Bargaining can be quite advantageous in knocking off a few dollars which makes a difference toward your savings in the long run. Keeping an eye out for special deals and sale items can also make a difference in saving a few extra dollars.

5. **Collect spare change in a jar.** Empty all the coins in your wallet, purse, bag, or car into a jar each day or at the end of the week. At the end of every month or year, bank your collection. You'll be pleasantly surprised by how much you can save from your loose change!
6. **Have "no spend" days.** This may sound difficult but it really isn't. "No spend" days can mean making lunch for work and avoiding takeout for dinner or cutting out avoidable expenses for that particular day.
7. **Sell household items or clothes which are of no use to you anymore.** Having a garage sale is a great way to add some cash to your initial savings. This not only helps save extra money but also gets rid of the clutter or unwanted items which take up space in our homes.
8. **Have an 'enjoyment budget'.** At the beginning of each month or pay week, set aside a fixed amount for discretionary expenses such as coffee, dining out or going to the movies. Once this amount is exhausted for the period, train yourself not to reach out for your debit or credit card for such expenses. Any leftover cash from the budget can go toward your savings for next month's 'enjoyment budget' and that way you can build up your cash for such expenses.
9. **Pay your credit card/short-term debt.** Credit card debt comes at a high interest rate which can seriously hold you back financially. If you have high balances on your credit cards, consider paying them off as soon as possible. For a better understanding, let's say you have \$2,000 in credit card debt at 21% interest. At this rate, the interest alone is costing you \$420 per year just to maintain the debt. For investors, to achieve average annual returns of 12% or so is considered a good return and this would translate to a \$240 expected gain in one year on a \$2,000 investment. In other words, if you have a debt of \$2,000 instead of investing it, you're actually setting yourself up to lose money (\$180 per year in this case) over the long run. For a few of you, these sums may not seem like a huge amount, but adding a few more thousands or hundreds should help you see the benefits of saving rather than piling on debt. Paying your credit card debt or other short-term debt not only places you on the path to financial security, but it can also improve your credit score.
10. **Be a diligent saver and a smart investor.** Time is your biggest asset as an investor, and starting early and young, is the best way to ensure a comfortable retirement. To effectively save more is to get a better return on the money you save. This does not mean taking undue risks in the pursuit of higher gains. A prudent way of earning a better return is to be aware of investment costs. Do some background research, go to an investment advisor, or ask around to find out the various investment options and the associated fees to get the full picture to help you make the right investment decision for yourself.
11. **Don't give up!** Finally, it's crucial to keep yourself motivated. Saving money may be a cumbersome task for many, but it is a worthwhile habit with many benefits. If you do go off track, don't give up, keep working toward your financial target and make those necessary sacrifices. It's all the more meaningful at the end when you achieve your goal!

Remember, saving money and acquiring money management skills not only enables you to reach your financial target but also helps build your financial wealth for future investments. For millennials, especially in times of rising prices and many economic uncertainties, honing

one's savings habits and money management skills becomes a necessity in order to have a comfortable life now and in the future. Giving yourself a longer time frame to save money always helps. By doing so, it gives compound growth more time to work in increasing your money and it also helps to cushion you against volatility. So be smart, get financially literate and save for a better future!