

## A penny saved...



When it comes to squirrelling away money, a little strategy can go a long way.

**DO YOU REMEMBER THE EXCITEMENT** of being a kid on allowance day? Whether dashing to the corner store for treats or carefully saving that money for something special, those were some of our first experiences with saving our money and planning our spending.

Today we still look forward to payday, but after paying the bills, stocking the fridge and saving for retirement, what's left for fun? That's where a short-term savings strategy comes in – to help us set money aside for things like a family trip or a new laptop. Here are four easy ways to help boost your short-term savings.

### 1. Set a definite goal

It's easier to be a successful saver if you have a clear plan. "I'm going to save \$250 every month starting now. In a year, I'll have \$3,000 for my summer vacation," says one colleague over lunch. Compare that to her friend, who says, "I'd love to go somewhere warm next winter. If I have money left over at the end of the month, I sometimes put it aside." It's clear which friend has a better chance of meeting her vacation objective. The key is to set a *specific* goal: define what you're saving for, when you want to achieve your goal and how much you'll need to put aside on a regular basis in order to be successful.

### 2. Pay yourself first

This mantra is just as effective for creating a sound short-term savings plan as it is for long-term financial milestones. Set up a separate savings account and deposit a set portion of your pay each period – before you find yourself meandering through a lunch-hour sidewalk sale or being tempted by the newest smartphone at the mall. How much should you set aside? That depends on your goal.

### 3. Automate

Another tried-and-true tactic that adds discipline to your good intentions is to put automatic savings mechanisms in place. Pre-authorized transfers – typically from a chequing account to a savings account – do the work for you. Choose your payment amount and frequency, then watch your savings accumulate.

#### 4. Review your spending habits

Takeout food, shoes, techie gadgets. You don't have to give up these items, but it's important to plan your purchases ahead of time. Take 20 minutes to review your expenses from the past few months. Separate essential items like your mortgage/rent, car payments and utility bills from more optional spending, such as dining out, entertainment and clothing. Understanding what you're spending on non-essential items can help you direct your extra money towards the things you value most.

#### Getting started

When deciding where to house your short-term savings, you'll likely want to choose a solution that provides a guaranteed return and convenient access to your money, such as a high-interest savings account. Your advisor can help you determine the best strategy for your needs. With a plan in place, you'll be a step closer to achieving your savings goals. ■



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