

Savings



Many people ask themselves, “Should I be trying to save part of my income on a regular basis?” The answer is **YES! Saving is a key component in a working monthly budget** and you should have a separate ‘savings account’. People who do not save on a regular basis tend to rely more heavily on credit. Using credit to cover life’s emergencies is equivalent to playing with fire. People who practice this form of money management often find that the next emergency will occur before the previous one has been completely paid off; creating a snowball effect.

Saving for a ‘rainy day’ can be very difficult regardless of a person’s (family’s) income level. It seems that everywhere you turn, television, newspapers, magazines, internet, signboards, flyers... someone is trying to sell you something. It is up to the individual to make wise choices and see past all the hype.

Many successful savers recommend having a certain amount automatically taken off of each pay cheque. Although the initial few weeks can be a bit of an adjustment, people tend to adapt readily to the difference in income. It does take discipline and dedication to start a savings program but this kind of investment in yourself is well worth it!

The rule of thumb in the financial industry is to save at least 10% of your total net income if employed and 2% - 3% of your net income if you are unemployed. Ideally, setting up an emergency fund that covers 3 months of expenses should be your initial saving priority. This being said, some people will really struggle to obtain a goal of this size; the bottom line though, something is better than nothing! A good stepping stone would be a nest egg of \$1,000.00 to cover what we call life’s little emergencies. A savings plan will provide you with peace of mind and enjoyment as you watch your money grow!

Savings Worksheet Instructions...

By using the corresponding ‘**Savings Worksheet**’, you can figure out exactly how much money is necessary for all of your personal saving needs. Once this amount is known, you can calculate the amount of money that should be put aside on a monthly basis. This will enable you to **cover all of your expenses without incurring any debt!** *The first draft of your ‘Savings Worksheet’ will likely have to be revised in order for it to work well for you.*

Worksheet Instructions:

1. Decide what you need to save for in the ‘**Purpose**’ column.
2. List how much you need to save in the ‘**Total \$ Needed**’ column.
3. Put the allotted time frame for each savings goal in the ‘**Time to Save**’ column.
4. Divide the ‘**Total \$ Needed**’ column by the ‘**Time to Save**’ column to see how much money you’re required to enter into the ‘**\$ to Save Monthly**’ column.
5. Decide how you will save the money every month (savings account, envelopes, RESP’s, RRSP’s, GIC.’s etc.) and put the description into the ‘**Type of Savings**’ column.
6. Add up all the amounts in the ‘**\$ To Save Monthly**’ Column and put the total in the space provided beside the ‘**Total Required to Save Monthly**’ heading.



Savings Worksheet

Purpose	Total \$ Needed	Time to Save	\$ to Save Monthly	Type of Savings
<i>Example</i>	\$1,000.00	12 Months	\$83.00	Savings Account
Emergencies				
Gifts				
Car Repairs				
Vacation/Trips				
Education				
New Home				
Home Renovation				
Home Repair				
Vehicle Purchase				
Appliances/Furniture				
Recreation Equipment				
Retirement				
Wedding				
Business Start Up				
Other				

Total Required to Save Monthly