

Guide to Saving

Saving money can seem like a big thing to do. It can feel like it's something for other people, for people who have spare cash. In reality, saving is for all of us. But when we're finding it hard to make ends meet, saving money can seem impossible. So is it worth trying and if so, why?

Why save?

- **For the big bills**
You know they're coming – electricity, gas, heating, property tax and so on. The list can seem endless but the one thing we're sure of is that these regular bills come in every month, every quarter or every year – and we have to be ready to pay for them.
- **For the big crisis**
Things happen. Cars break down, washing machines stop working, our homes are flooded, you or your partner may lose your job. Dealing with the event is hard enough in itself, without having the money worries on top of it.
- **For the big event**
Christmas, birthdays, weddings, holidays, Communion and Confirmations are all big expenses and it's difficult to pay for them unless we plan ahead and save a little each week or month.
- **For peace of mind**
Having a cushion, something to fall back on, will give you greater peace of mind. Knowing that you have some money put aside to deal with expected and unexpected events will give you a greater sense of control over your money.
- **For a track record**
Being a regular saver brings other advantages – it's habit forming. Having a saving account with a bank or a credit union also shows your consistency and this can be a factor if you ever need to borrow money.

How can you get started?

Often the first step in saving money is finding the money to save – which often means prioritising spending in some areas over others. Generally, it means putting a little thought into how and where we spend our money to make sure we get the best value possible. The following list suggests some of the obvious areas to try to save money. Have a good look at your own situation to see if you can add any more.

- **Shopping**
Grocery bills can be one of the biggest weekly expenses in a home. Examine your bill to see if you can cut back on anything or if you can change your shopping habits by buying own brand or by shopping in a discount grocery store.
- **Utilities**
Check www.bonkers.ie for the latest energy prices to see if you can lower the cost of your electricity, gas and heating by switching suppliers. The Sustainable Energy Authority of Ireland also has loads of useful energy saving tips that will help you to reduce your energy bills at home. Check out their website on www.seai.ie
- **Weekly expenses**
Keeping a Spending Diary for a couple of weeks is a great way to find out how you are actually spending your money. After you've done it, you might be surprised at how all the little things add up and it will make you more conscious of any unnecessary spending.
- **Our children**
Our children are often the last to feel the effects of a tighter budget. And while we don't want to worry them, it might be useful to re-examine how much money they receive on a weekly basis and how it is spent. Get them to participate in saving too and let them save towards something they want instead of paying for it straight away.
- **Increase your income**
All of the above tips have been about reducing your spending. The other way to find money to save is by increasing your income. Options include earning extra money from a job, or a second job; making sure you are claiming the tax reliefs and credits you may be entitled to; rent a room in your house and so on. Visit your local Intreo centre and Citizens Information Centre and talk to your local employment service to discuss all your options.

Choosing a place to save

The second step to saving is putting the money away. Once you've decided to put aside some money each week, the next decision is where to put it. In MABS, we generally recommend that saving and deposit accounts are the best place to save money. These accounts are available in post offices, credit unions, banks and building societies. When comparing options you need to consider the following points:

- **Minimum amount**
Some institutions require a minimum deposit to open a deposit account, varying between €1 and €5.
- **Convenient location**
It's important that there's a local branch close to you and that its opening and closing hours are convenient.
- **ATM card**
An ATM card is handy for withdrawing money so check if your account has the facility.
- **Notice to withdraw**
Do you have to give notice of your intention to withdraw money? It depends on the type of savings account you open and the financial institution you use.
- **Record**
Does the financial institution provide a statement of your deposits and if so, how often?
- **Interest**
Is deposit interest paid on your savings and if so, how much? While it may be small, it will all help. Check www.bonkers.ie and www.creditunion.ie to compare the annual deposit interest rate for each institution to find out who offers the best deal.

How much to save

The last step is to decide how much you should save. You don't have to save a lot of money – any amount is a good start, even if it's only a euro. If you have borrowings, you may decide to pay them off first or save just a very small amount as the start of your emergency fund. You can increase it later when your borrowing is paid off. You're just trying to start a good savings habit and so the amount can vary, depending on your circumstances.

Or you may decide to start saving for one of those big bills or big events that are coming up. To work out how much to put aside, follow these simple steps:

- Identify something you want to save for (e.g. the electricity bill or an upcoming birthday).
- Work out how much will it cost, approximately.
- Check the calendar to see how many weeks there are between now and then.
- Divide the cost by the number of weeks, to see how much you should put aside each week.

Example

If you need €150 for your electricity bill and it's 8 weeks to the payment date, divide €150 by 8:

$€150/8 = €18.75$. Therefore, you need to save €18.75 a week (or €2.70 a day).

Can you spare €18.75 from your weekly income? If not, then it's back to the drawing board to try to trim your weekly expenses a little bit more.



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