

# THE CULTURE OF SAVINGS

The national saving rate in Mauritius has declined steadily.

Cultivating the habit of savings is a very important one; this habit can help you in many aspects of life. A good saver can save out funds for business, a good saver is debt free, a good saver has already made a right and bold step to financial freedom, a good saver can reach certain goals that can't be ordinarily attained with the limited revenues he gets.

Cultivating a savings culture is always ideal, but is never easy. Savings entails starving yourself off certain wants and pleasures, and that takes a lot of discipline. Many people want to save, many people wish they could save, but just few save at the end of the day.

## 10 WAYS TO CULTIVATE A SAVINGS CULTURE

### 1. ASSESS YOUR FINANCIAL HEALTH

The first major step to savings is assessing your financial health; this would help you know the direction you're headed and how to get there. You need to have a clear picture of your income and expenses, you need to know what takes the bulk of your money, and also try to ascertain whether you're spending more than you earn. When you have this figured out then you can move to the next step.

### 2. HAVE A BUDGET

Having a budget would help guide you on what you ought to spend your money on and what you shouldn't. With a budget, you would know your needs and wants and have a clear picture of how to cut down on spending on your wants. Wanting to satisfy your wants would make you unable to save. A budget would help you plan better, save better and cut down unnecessary expenses.

### **3. KEEP TRACK OF YOUR SPENDING**

Your spending habits would determine if you would be a successful saver or not. Keep track of your daily lifestyle and what you spend your money on. After assessing where your money goes, look for ways you can minimise how much you spend.

### **4. HAVE A TARGET**

The best way to save is having a target; saving without a target might not keep you motivated, but saving for a target keeps you motivated and focused. Have a realistic goal and save towards it.

### **5. BE DEBT FREE**

Try as much as possible to live a life free of debts. Manage your finances judiciously and avoid having to collect loans; live according to your budget, this would help you in the long run.

### **6. SAVE FOR EMERGENCIES**

Emergencies happen all the time; this is something we have no control over, and the best way to handle emergency is to save, so you won't be left out of the dark. Set about 5% of your income monthly to save for emergencies, so you wouldn't be left in the dark when the situation arises. Your emergency savings should be different from your normal savings.

### **7. PRETEND YOU'RE PAYING OFF A LOAN**

The best way to frame your mind-set towards savings is to pretend you're paying off a debt. Continue making the monthly payments into your savings account. Even after you reach your set goal, never stop this habit.

## **8. SET YOUR MIND TOWARDS SAVING**

Having your mind geared towards saving would help you save better. Also, if you notice you still have money left at the end of the month, rather than spend it unwisely, the best bet is to save it. This would help you reach your goal faster.

## **9. SET A FIXED PERCENTAGE**

The best way to save is by setting a fixed percentage to be saved monthly. This way, when your income increases, your savings would increase as well.

## **10. TRY TO AVOID GATHERINGS AND FRIENDS THAT WOULD GIVE YOUR SAVINGS A SETBACK**

Friends are important, but when you have friends that won't let you save, it's best to minimise the way you see them. Gatherings and friends that prompt you to spend money won't only kill your savings but might even push you to spend above your earnings.

# **The Importance of Saving Money for Your Future: 7 Reasons to Start Saving Today**

Wealthy people have a great habit of saving and they are aware of the importance of saving money.

One of the world's richest man, Warren Buffett is not fond of buying expensive things. He values money and believes in saving it.

*“You must learn to save first and spend afterwards.” – John Poole*

You don't have to be thrifty for saving money. You can cut down your luxury spending. You should enjoy the journey of saving and investing. The goal here is to earn money by saving money.

If you have the insight for why saving plays a crucial role in our life, you will start saving willingly.

**Following are seven reasons that you might consider to start saving money:**

## **1. For stress-free retirement**

Everyone wants to retire at some age in life. To live happily and stress-free at that time, you need to start saving today.

If you start planning your retirement fund at an early age, you can retire whenever you wish.

Savings are also important to maintain your lifestyle at that time when your bank account will stop getting credited every month.

Don't wait to learn about retirement plan in your old age. It is crucial to know the types of retirement plans and to settle for what goes according to your income beforehand itself.

## **2. Save for better education**

A good education is an investment for a better future. Each year more people end up at various schools to earn their masters or doctorate degrees.

If you have goals of reaching some college or university, you will also need huge funds. So, start saving today for your dream.

Even if you plan to take the student loan, prepaying some part in advance will save you from accumulating hefty interests. Hence, saving for the future education of yourself or might be your next generation seems to be smart enough.

### **3. Save your pocket for an emergency cushion**

Future is full of uncertainties. You never know which unexpected and emergency expenditure will come next knocking at your door.

That's where the importance of saving money comes in. If you are prepared beforehand, it will be much less stressful in terms of financial condition.

You can start today by putting aside a small amount from each pay cheque. You should have an emergency fund of about four to six months of your expense.

Also, a good insurance plan is a must to help you survive unexpected events.

### **4. For planned risks**

The ultimate list of side hustles you can start on your own and while working full-time to earn extra cash.

Another good reason to save money is that you can take the calculated risk in life.

It gives you freedom of choice. Whether it is leaving your job and starting a new business, leaving work and going back to school to switch careers or investing in someone else's business, having money in hand gives you confidence and path to move forward.

You might get an opportunity to invest in a big project or idea. Having sufficient saving gives you the chance to grab that life turning opportunity.

### **5. To avoid impulsive spending habits**

*“Do not save what is left after spending; instead spend what is left after saving.”- Warren Buffett.*

Having a habit of saving will enhance your life by not letting you spend money on reckless things and accumulating it for major expenses like buying a new car or preparing for the wedding, etc.

Make up your mind on saving some amount from your income as soon as you get it in your savings account. You have to make sure of being disciplined and not touch it until when you are in extreme need.

## **6. For future investments**

Having enough money to invest is adding a source of income. It helps to meet your personal financial goals.

You can invest in stocks, real estate, mutual funds, bonds, etc. These methods will offer more return than just saving. A saving account provides you meager interest which couldn't even pace up with inflation.

Other investment options give you a good return but they are risky. Before investing you should get all your investment query solved.

## **7. To lead a debt-free life**

Some expenses in life are such which you just can't avoid!

Paying children education expense, loss in business etc, are inescapable even if you have to take loans. Financial crisis can lead to a number of other issues like anxiety, insomnia, and even heart problems.

So, saving money is crucial for having peace of mind. When you know you have your financial needs under control, you tend to enjoy life without worrying. Therefore, saving is an important tool that can help you to have financial security for the future. You should start looking for methods of savings from now itself.

It makes saving easier if you have a clear goal or purpose for the money that you are saving.

However, remember, saving doesn't mean cutting down your needed expenses dreadfully. Rather, avoid such costs which are not really important like reducing the number of dine-outs or movies theatre visits, and always keep the importance of saving money in mind.