

SPEND LESS THAN WHAT YOU EARN & SAVE THE REST

It may sound like common sense but a BIG key to financial success is spending less than what you earn. More importantly, it is key to less stress and peace of mind.

EMERGENCY FUND:

Spending less than what you earn allows you to build your savings. The most important reason to save money is to be prepared for emergencies. Building your emergency fund can assist you in the incident of job loss, surprise home repairs, medical bills, mechanical work on your car, and any other unexpected event. Once you have mastered spending less than your earnings and have created an excess of money it would be a clever idea to move that excess into a savings account. An even better idea is to regularly move money into that savings account so you can continuously grow your emergency savings. It's suggested to build an emergency saving fund of 3-6 months of living expenses.

GENERAL SAVINGS:

Once you've established your emergency fund you can expand your savings. Your basic savings account can be used to help you save for the future or large purchases. Saving for your big expenses ahead of time will lessen the amount of money you may have to borrow to purchase it like a car, home, or a student loan. More money down is less money borrowed, which is ideal! This saving strategy is effective for other pricey but less costly items like phones, sneakers, etc. You can save for those items in advance rather than buying them spontaneously. That way you aren't spreading your money thin by dipping into the money you use for bills or food.

PAY DOWN DEBT:

Lastly, if you have taken out loans or have a credit card you can use your savings to pay those loans down. Paying off loans early saves you money! If you can put extra money towards a credit card or loan - go for it! Every bit of interest saved is money that stays in your pocket.

