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WEALTHWISE

LENO

MONTHLY NEWSLETTER



SAVING STRATEGIES:

BE SMART ABOUT SAVINGS

THE LITTLE THINGS ADD UP

Why is Saving Money Important?

Saving money is essential because it provides financial security and peace of mind. It prepares you for emergencies, helps you achieve your financial goals, and gives you the opportunity to invest in your future. Having savings also keeps you from relying on debt during unexpected situations like medical emergencies or job loss.

Effective Ways to Save Money

- **Set Clear Savings Goals:**
Be specific about what you're saving for, whether it's a vacation, a new car, or an emergency fund.
- **Create a Budget:**
Track your income and expenses so you can allocate funds to your savings efficiently.
- **Automate Your Savings:**
Set up automatic transfers to your savings account to ensure you're consistently putting money aside without thinking about it.

Common Mistakes in Saving

Many people make mistakes like not having a clear savings goal, overspending on non-essentials, or neglecting to track expenses. A big mistake is failing to build an emergency fund, leaving them vulnerable to financial strain when unexpected costs arise.

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The Power of Small Savings

For example, if you buy a soda every day for \$1, that adds up to \$365 a year. If you save that amount and invest it at a 6% annual interest rate, after 5 years it could grow to \$490. In 40 years, that small daily saving could turn into nearly \$4,000, thanks to compound interest.

Similarly, if you save \$10 per week by cleaning your own car instead of paying for a car wash, that's \$520 per year. Invested at a 7% interest rate, in 10 years it could grow to \$1,045, and in 45 years it could grow to over \$12,000. This illustrates the power of compounding—small savings grow significantly over time.

As people earn more, they often spend more—upgrading their lifestyle with new cars, bigger homes, or extra luxuries. Without intentional saving, even a higher income won't lead to financial progress.

Make Saving a Priority

Start small—save just \$5 or \$10 a week and gradually increase the amount. Don't aim too high too soon; set a savings target you can stick to. To make saving effortless, set up an automatic transfer with your bank as soon as your pay check is deposited.

6 Tips to Boost Your Savings:

1. **Cut Expenses:** Brown-bagging your lunch can save you hundreds of dollars a year. Turn off unused utilities to save on energy costs.
2. **Limit Credit Cards:** Pay off your cards and only keep one for emergencies.
3. **Avoid Gambling and Risky Investments:** If you can't afford to lose money, don't gamble or invest in high-risk options.
4. **Monitor ATM Withdrawals:** Withdraw a fixed amount each week and make it last. Any leftover money should go into savings.
5. **Pay Yourself:** After paying off a loan, continue making those payments—but into your savings account instead.
6. **Track Your Spending:** Keep a notebook or app to record every small purchase. Knowing where your money goes will help you save more.

KNOW YOURSELF AND YOUR GOALS

No savings plan works if it goes against your natural habits and lifestyle. Reflect on your goals and personality to create a savings plan that aligns with you. The key is consistency—small, steady steps toward savings lead to long-term success