

5 Secrets of Successful Savers

One of the most common questions is how someone can *begin* building financial security, especially when they're still paying off loans or other types of debt. After interviewing dozens of successful savers over the years, ...they tend to have the following five traits in common. With the exception of the last one, they are all strategies that anyone can *begin implementing today*.

Here are the five secrets of successful savers:

- 1) They started slowly.** Overcoming the initial inertia that prevents many of us from saving is often the hardest step. That's why starting by saving just a small amount can get you on the path towards bigger savings. Nicole Mladic, a 31-year-old communications director in Chicago, couldn't afford to put away a big chunk of her salary when she was in her mid-20s, so she started saving 2 percent. A few months later, she raised it to 3 percent, then went to 4 percent, and eventually reached her goal of 10 percent. Today, her net worth is over \$90,000.
- 2) They read about financial and economic news.** A survey by HSBC Direct found that people they call "active savers," tend to pay attention to financial news. That might help them maintain a general awareness and savviness about money, and also teach them about basic principles such the importance of not trying to time the market, and finding accounts that don't charge hefty fees.
- 3) They save regularly, often through automated systems.** Online banking makes this technique easy: Sign up for monthly transfers into a brokerage or savings account. You can also transfer funds directly from your pay so you never even see the money, which means you won't miss it. Check in with your human resources department--you might be able to set up an automatic savings account through your pay in addition to your automatic retirement savings.
- 4) They find saving pleasurable.** This trait might sound counter-intuitive: How can anyone enjoy saving money, since doing so essentially prevents the pleasure of a purchase today? But some people--especially successful savers--naturally feel more pleasure while socking money away rather than spending it, since they know they are building financial security, and they can spend it one day in the future. If you don't naturally feel this way about saving, you can teach yourself to, by focusing on how much financial security means to you each time you add to your savings accounts.
- 5) They first began saving as a child.** The HSBC survey found that most active savers had been saving money since they were little and they learned the value of saving from their parents.

While adults today who didn't receive those lessons can't change their past, they can help pass on better lessons to their own children by talking about finances and family budgeting often. Doing so would put them in the minority: A Charles Schwab survey found that only one in five parents frequently talk to their teens about family budgeting and spending decisions, and just over half of parents teach their teens how to save regularly.

One trick that combines these strategies is to encourage elaborate family discussions about what you will do with all the money you are saving. For example, if your savings goal is to take a family vacation to Belize, children can draw pictures of the rainforest, parents can crunch some numbers, and soon you'll be snorkelling in the coral reefs.