



Better Money Management

SAVING

A guide to help you kick start your savings, develop a savings plan and give yourself the best chance of realising your financial goals.

In this guide:

- The benefits of saving
- Goals and strategies
- Creating a savings plan
- Tracking your progress

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The benefits of saving

When you're working long hours and juggling all the demands that come with a busy life in and outside the classroom, prioritising your own financial wellbeing can be challenging. Our Better Money Management guides are here to help with the information, tools and tips you need to boost your financial wellbeing, get the most from your pay and work towards the life goals that matter most to you.

Savings form the backbone of financial wellbeing. At its heart, saving simply means spending less than you earn. Seems easy, doesn't it? Unfortunately, for busy teachers it can be difficult to find the time to track your fiscal comings and goings. Many Australians simply don't save as a result, with 10% of working households having less than \$90 in the bank.¹

Saving your money has a range of benefits, however, and it's well worth your while to create a savings plan.

Saving can:



Give you the peace of mind that comes with financial resilience



Give you the freedom to enjoy your daily life without money worries



Provide a pathway to achieving long-term goals like home-ownership



Help you prepare for the retirement lifestyle you've always dreamt about

Set up a monthly budget to:

- ✓ Get a clear picture of your ingoings vs out goings
- ✓ Find spending cuts and put a spending plan in place
- ✓ Work out how much you can save
- ✓ Track your spending



1. B Coates & M Cowgill, 'As the COVID-19 crisis deepens, few Australians have much cash in the bank', The Grattan Institute, 20 March 2020, accessed 8 June 2023

Goals and strategies

The secret to effective savings is to first understand what you're saving for, and then to create a strategy to achieve those goals. The strategies you use will vary depending on the type and number of goals you have. Try to divide your savings goals into three categories:



Short-term goals (1 to 2 years)

such as building up a Rainy Day fund, buying new furniture, or funding a holiday



Medium-term goals (5 to 10 years)

such as buying a home or new car



Long-term goals (10 or more years)

such as retirement

It also pays to prioritise your individual goals and assess which of your goals are 'needs' (ie. essential expenses you need to make) or 'wants' (ie. 'nice to have' items you can live without).

Remember, you're not putting things in the 'wants' category to stop yourself from purchasing them – you are categorising them this way specifically so you can save enough to buy them without placing yourself under undue financial stress.

Save SMARTer not harder

When choosing your goals, make sure they're SMART:

- Specific:** You know precisely what you want
- Measurable:** You can quantify your progress
- Achievable:** You can realistically do what you hope to
- Relevant:** Your goal is important to you
- Timely:** You have clear deadlines and milestones.

Making sure your goals are '**SMART**' will make it easier to create an appropriate savings strategy to reach each one.



Reduce take-away coffees from two to one a day?



Savings plans

After setting your goals, it's time to create a plan to realise them.

A good savings plan only needs to follow four steps:

Step 01 Select an account

Not every bank account is created equal. Before you start saving, do some research and find an account which will meet your needs. Be sure to check the interest rate being offered, whether the account pays additional interest for meeting certain criteria (for example not making a withdrawal for a full month) and if the account charges any fees. Whether you are starting your savings goal or wanting to set up a long term savings strategy, there is an account for you. Details on our account options can be found at tmbank.com.au/accounts/savings-accounts

Once you've found something you're happy with and confident will support your goals, you can open the account.

Step 02 Deposit a lump sum

If you're able to, try depositing a lump sum to start your account with. This could be money you received as a birthday present, a tax refund, a bonus from work, or even money taken from whatever savings you already have.

This will help you kickstart the fund and create a baseline to grow your money from.

Step 03 Run your calculations

How much you'll need to put into your savings each month depends on how much you want to save, and when you'd like to accrue that sum. For example, if you wanted to save \$8,000 in 12 months to finance a big overseas holiday, you would need to squirrel away roughly \$667 each month.

Knowing how much you need each month will make the next step much simpler. If you're not that confident crunching numbers – or simply want a faster option – don't fret. There are plenty of savings calculators available online which simplify this process.

You can find Teacher's Mutual Bank's calculator online [here](#), or by typing 'savings planner' into the search bar on our website.

Step 04 Start depositing

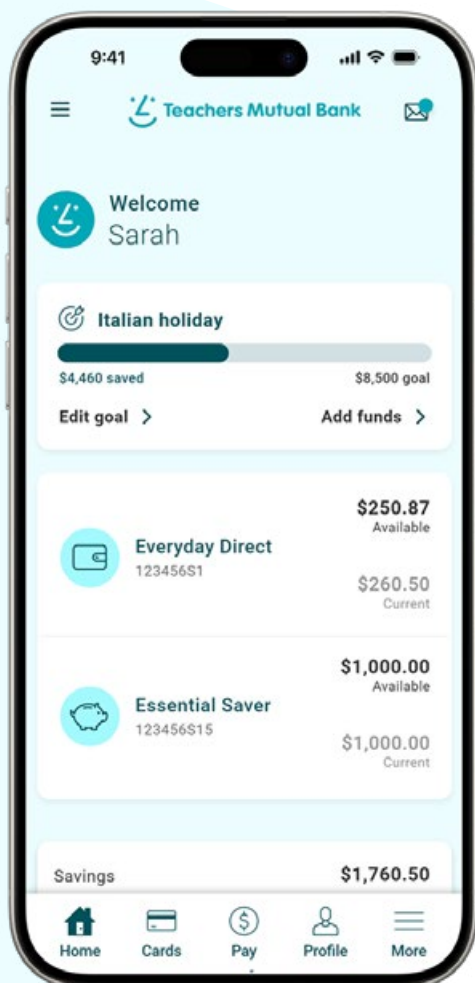
The final step is also one of the easiest: start putting your money into your savings account. Ideally, you should set up an automatic deposit – this way you don't even need to think about actively saving money.

Tracking your progress







Although automatic deposits and mobile banking apps have made it easier than ever to 'set and forget' your savings account, you should still regularly check to make sure everything's on track.

Over time, your monthly expenses may change and you might need to make adjustments to your savings plan as a result. Other times, unexpected expenses or changes in your personal circumstances may affect your savings.

When this happens, it's important not to be disheartened or lose sight of why you were saving in the first place. Regular reviews will mean you're always on top of your money and can make small changes early on to keep your savings moving in the right direction.



Here are a few ways you can make this review process easier:

-  Don't be afraid to negotiate on bills and other expenses where reasonable. This can help cut living costs and free up more money to put into savings.
-  Remember to turn off your lights and appliances when you don't need them, and consider buying more energy efficient products. While the up-front costs of purchasing new whitegoods can be high, over time it may save you money on your power bill.
-  Consider investing in your career. Additional training could pave the way to higher-paid positions and help you reach those long-term goals sooner.
-  Sell unused items. If you have old clothes, appliances, or other items you no longer want, you might be able to sell them online to generate a bit of extra cash.
-  Similarly, when shopping for things you need, have a look at what other people are selling online. You never know when you'll find a bargain, so always check to see if you can get the same item second-hand.
-  Set up SMS reminders or automatic bill payments to avoid late fees. SMS alerts can be created in Internet Banking.

One rule of thumb =

Save enough to cover 3 months' living expenses



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