



A savings plan is an investment in which a person contributes money on a regular basis in order to reach a financial goal on a short or a long-term basis. In order to commit to a savings plan you need to follow the 5 steps listed below:

1. IDENTIFY WHAT YOU ARE SAVING FOR

No one starts a long road trip without a map of how they are planning to get to their destination. Saving is the same; you need to have a clear objective of what you are saving for (we will cover this in the Secret of the Leopard). When committing to your savings plan you need to write down each goal/objective you have and the amount you want to save as well as a target date for reaching your goal. You must make these realistic so that you can ensure your success.



Finance journey



Write down goals



Stay focused

2. DETERMINE HOW MUCH YOU CAN SAVE

We will cover this in more detail in the Secret of the Elephant but you need to know what you earn, how much you spend and what you are saving so that you can determine how much you can save. You might need to reign in spending in order to save the required amount.



Know your income



Know your expenses



Calculate savings



Save more

3. CHOOSE THE APPROPRIATE SOLUTIONS

There are many ways to save, you need to research and find the right one for you. A financial advisor can help you decide on which products or services you should use. For short-term goals you should focus on safety and liquidity rather than growth. For medium term goals you need to find the right balance between growth and liquidity. Long-term investments are more risky but here you need to focus on growth and leave your money in your investment for many years.



Long-term goal: invest



Medium-term goal: growth & liquidity



Short-term goal: safety



Financial advisor & savings plan

4. MAKE IT AUTOMATIC

As we have discussed, you need to make savings automatic. If you get used to the money not being in your account you won't miss it. So feed yourself first and take the savings amount out of your account straight away.



Automate savings



Feed yourself first



Move money to savings

5. MONITOR YOUR PROGRESS

Take time out every month to review your savings and see if you are meeting your goals. If you aren't you will need to review your choices and maybe change your investment options. If you are meeting them or exceeding them then it will motivate you to continue.



Every month



Review savings



Change investment options if needed



Meeting goals will motivate you

