

PT's Quick Guide to Truly Saving More

Teaching You How to Save More Money by Automating and Separating Your Savings

Truly Saving More

Imagine already having money set aside for your next vacation, the upcoming holidays, your kid's college education, even retirement. Most of us want these things, but they escape us. Even those of us with good incomes and the best of intentions.

Over my years of learning about the psychology behind personal finance, I've discovered that your ability to save money isn't a matter of earning more, or even spending less.

Saving money is about automatically stashing money away in a separate place and being forced (or at least highly encouraged) to leave it alone until you've reached a savings goal.

I'm going to share with you my 3 step system for making this happen. Check it out...



1. Create Simple Savings Goals

Don't over think this part. Just do it. List some things you'd like to save for. Be sure to think about next month, next year, five years from now, and long-term things like college savings and retirement.

Write down your specific goals (including how much you'll need to save and when you'll need it by). Now decide how much you'll need to contribute towards your goal each paycheck. This can be a dollar amount or a percentage. If you're having trouble deciding on an amount or percentage, just start small. Later you can work your way up to a larger number. Once you've written these down you can move on to step 2.

2. Open Separate Accounts for Saving

Next you'll need to open accounts to save for each of these goals. But not just any account. The type of account matters. Here's the types of accounts to open and why:

- **Short Term Savings Goals** - Put all your short-term savings in individual online savings accounts. Here's a [guide to setting up multiple savings accounts](#). These accounts naturally separate your savings from your normal spending account (it takes about 3 days to transfer between the two). There are plenty of other advantages to these accounts as well.

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- **Long Term Savings Goals** - For your long term savings, use tax-advantaged accounts: 401(k) and Roth IRA for retirement, and a 529 Savings Plan for college savings. All of these accounts have tax penalties for removing the money too early, encouraging you to leave it alone. If you have a 401(k) at work, use that for retirement. Definitely get the employer match. If you don't have a 401(k) or if you want to save more than your employer match, use a Roth IRA. For college savings use a 529 Savings Plan.

Where to open these account? You may want to do some more research about some specific places to open up accounts. Here are some articles I've written that will give you more information:

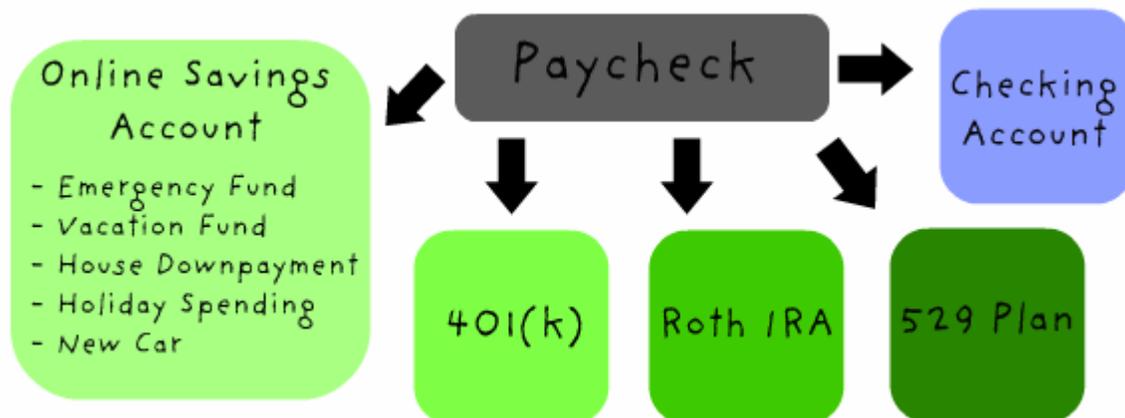
- [Online Savings Account Reviews](#)
- [Opening Your First Roth IRA](#)
- [529 Plans: The Most Effective College Savings Plan](#)

Remember not to get too caught up in a specific place to hold these funds. Just get started. Now that you have your accounts open and ready for saving, move to step 3.

3. Make Saving Automatic

The last step is the easiest. Take all your account information and visit your human resource department at work. Ask them to automate a savings deposit into each account. They will need the account number and routing number.

Your new system should look something like this:



If the HR department can't help you, open a "distributor" savings or checking account. The only requirement for this distributor account is it needs to have the ability to automatically transfer funds to other accounts. Once you have this distributor account open, have your paycheck deposited there and then set up the automatic transfers to your different savings accounts.

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Final Thoughts

By using the 3 steps, you'll grow your savings faster and be better prepared than a vast majority of your peers. Most people never start saving because they think it's for old people, or because it's too complicated. It's not! It's fun and can be very rewarding. Saving provides security and it opens up other opportunities in your life. I hope you'll start saving more today.

What now? For your convenience I've put together a "no-excuses" checklist that you can print off and use to work through the three steps in 3 days.

Step 1: Create Savings Goals (Day 1)

- Discuss your savings goals and write them down.
- Be specific with amounts, dates, and monthly contributions.
- Don't try to be perfect. Just pick a few goals and get started.

Step 2: Separate Your Accounts for Saving (Day 2)

- Open up a separate account for each goal you've created.
- Open sub-accounts for individual short-term goals.
- Be sure you're getting your 401(k) match.

Step 3: Automate Your Savings (Day 3)

- Gather your account information.
- Visit your HR department to set up the automatic deposits.
- If they won't help, create an account to distribute funds.

If you have any questions, email me at pt@ptmoney.com