How to save money

Technology and our bank accounts

Is technology to blame for our empty bank accounts?

Despite an improving economy, Americans still have trouble saving — a shocking number of adults have less than $1,000 in a savings account, even when their incomes are more than $150,000.

Although people with different incomes have unique obstacles to saving money, a recent survey of more than 7,000 people from personal-finance website GoBankingRates found that people at all income levels had very little saved in savings accounts.

Of those whose incomes were less than $25,000, 38% had $0 saved, and 35% had less than $1,000. People who earned more fared better, but still reported low amounts of savings in savings accounts. Of those with incomes of $100,000 to $149,999, 18% had $0 saved in a savings account, and 26% had less than $1,000. And for earners of $150,000 annually or more, those numbers dropped slightly to 6% and 23%, respectively.

But the survey's results mirror previous research about saving in America. Americans are some of the worst savers in the developed world. Student debt remains a large expense for many families; not only are recent graduates paying their loans, but parents may still be paying their children's loans, impacting their ability to retire, Huddleston said.

Much has been written about apps that can help people keep track of their finances. But technology has also made it easier for people to spend more money. As companies compete for consumers' loyalty, they've made paying for items as easy as sending a Facebook FB, +1.59% message, talking to Apple's AAPL, -0.39% voice-powered virtual assistant Siri or clicking one button.

"Our issue is we're spending before we even save and then never look back," said Brandon Hayes, a financial planner and vice president at oXYGen Financial, a financial services firm based in Georgia, in GoBankingRates's report. "With a cashless society, it's tough to appreciate a dollar when you never see one."

And subscription services, such as music and video streaming, meal delivery kits or monthly clothing delivery, which have become commonplace, also can add up, and can be difficult to cancel — or difficult to even remember you signed up for in the first place.

And of course, you can show off all those purchases on Facebook and Instagram; almost 40% of adults with a social media account said seeing other people's purchases and vacations on those networks encourages them to look into buying something similar, according to a survey by the American Institute of Certified Public Accountants.

“Social media can be the modern day version of ‘Keeping up with the Joneses,’” and some people “feel inferior if someone they know has a shinier or bigger toy than they do,” said psychologist and author Nancy Irwin in a previous interview with MarketWatch.

Paying off credit-card debt is the primary cause of financial stress in many U.S. states, according to a separate GoBankingRates survey. Americans have a collective credit-card balance of $729 billion, according to the Federal Reserve Bank of New York; that’s below the peak $866 billion reached in 2008, but still a high number.

How can you become a PRO saver?

1. If possible, have savings taken from their paychecks, to go into retirement savings and additional savings accounts and up those percentages when one’s income increases; saving 50% or more of a raise is a good idea
2. **Stay emotionally connected to your money →** Emotional connections differentiate Savers and Spenders. (Again, this is not about numbers, it’s about psychology.) Savers are emotionally connected with money. It gives them pleasure to watch it grow and it pains them to part with it. We Spenders are emotionally connected to things money can buy; we get more pleasure out of a new outfit or that new car smell than we feel pain from spending. Rubin’s first saving strategy is learning to develop a healthy level of emotional connection to money. You want to feel pinch of spending money, but not so much you hoard it.
3. **Major on the major, minor on the minor →** With some rare exceptions, cups of coffee don’t sink a budget—housing, cars, and other expensive stuff does. You want to take time with major financial decisions like where you live and what you drive. The little stuff matters too, especially small but recurring expenses (like a gym membership you’re not using), but you don’t want to be to pennywise but pound foolish.
4. **Spend with comfort on what you value most (example) →** Michael travels from New England to the University of Michigan, his alma mater, for football games several times a year at a cost of at least $500 a trip. To a non-football fan, that’s a lot of money to spend each year on a very discretionary expense. But Michael loves those trips. They give him something to look forward to. He enjoys every minute of the games—and the trips—because they are intentional.When you build an indulgence or two that you love into your spending plan, it makes it easier to make other sacrifices (like driving that old car another couple years), because you’re using money in ways that fill your soul and literally add meaning to life.
5. **You don’t spend what you don’t see →** Paying yourself first is such a powerful strategy because you don’t spend what you don’t see. If you want to save money, take it out of your paycheck before it even hits your checking account. Then, don’t give yourself easy access to the savings account where you store it (that means no ATM card.) When you automate your finances correctly, you don’t need to budget constantly (also one of Michael’s strategies), letting you worry about money less and enjoy life more.

References:

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