How To Save Money: 10 Tips to Build Your Savings

Do you feel like no matter how hard you try to save money, you just can’t seem to get ahead?

You may be trying to build up your savings account for an emergency fund, but something always seems to pop up, putting you right back at square one. There are many simple ways to start saving money today to help you reach your financial goals.

Today we’re diving into some helpful money-saving tips to help build up your savings and reach your goals this year.

1. Pay off your debt

To work on building up your savings, you have to first deal with that nasty four-letter word – debt!

Debt can include anything from credit card debt to student loans to car loans. Continue reading for ways you can save money and become debt free.

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Always pay more than the minimum payment

When you only make the minimum payment on your account, paying off the entire balance can take forever.

This is because most of your payment goes toward the interest and not paying down your actual principal.

Even paying $50 more than the minimum a month can make a big difference in helping you pay off your debt quicker so that you can focus on your savings goals.

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Spend less than you intend to each month

Unfortunately, many Americans are living paycheck to paycheck every month.

Most people find they are in debt because they tend to make impulse purchases, even if they can't afford it.

Using cash or your debit card instead of credit cards to purchase everything helps reduce impulse buys and puts things into perspective. In turn, this can help you save money.

Studies have shown that people spend at least 15% more on everything when they purchase things using credit cards rather than cash.

To help build up your savings, try leaving your credit cards at home and buying everything in cash until your debt is paid off.

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Pay off your highest interest rate first

Choosing the debt with the highest interest rate and paying it off first is recommended.

Once you can get it paid off, you can take the money you were using to pay it and use it to start paying off your next debt with the next highest interest rate.

This can help you pay off your debt quicker, allowing you to

save a lot of money that was simply going towards interest.

Aggressively pay off your debt by getting a second job

You can pick up a second job if you are dead set on paying off your debt as quickly as possible and padding your bank account to focus on your savings goals.

If your schedule allows, this can be an excellent way to earn extra money toward your current debt. One thing to remember is to make sure you use the extra cash to get out of debt and not on other nonessential things.

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Keep track of your spending

Sometimes all it takes to help you achieve your debt-free goal is to take a hard look at your finances and track your spending habits.

You can do this by using spreadsheets or a budgeting app. Doing this lets you see exactly where you are overspending and what areas you can cut back on.

Some common areas you can cut back on include:

- Unsubscribe from unused subscriptions.
- Cancel online streaming services.
- Cancel or reduce your cable tv plan.
- Reduce or eliminate your Amazon shopping.
- Reduce your cell phone plan.
- Cancel unused gym memberships.

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2. Save money automatically

Automatic transfers are the process in which you automatically have a certain amount of money transferred into your savings account each month.

This is essentially a “set it and forget it” method, which helps make saving easy. One of the easiest ways to do this is to set up a direct deposit. This is where a portion of your monthly paycheck is taken out of your checking account and put into your savings account.*

Most institutions allow you to choose a specific dollar amount or a percentage of each paycheck to transfer into your savings.

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3. Adjust your tax withholdings if necessary

Do you get a large tax refund every year? That typically means your employer is taking too much tax off your paychecks. In this case, looking into adjusting the withholdings on your paychecks is recommended.

This allows you to bring home more monthly money that you can use to boost your savings account.

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4. Take advantage of your

retirement account

In the long run, another way to easily save money is to utilize your retirement account. If your employer matches your 401(k) and you aren't taking advantage of that, you essentially lose money. Simply talk to your HR department to set up an account if you don't already have one.

It is recommended to have most of your other debt paid off and an emergency fund built up first before aggressively taking advantage of this option.

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5. Save money on your auto insurance

There are a few ways you can save money on your auto insurance. As prices differ between companies, it is always recommended to shop around first.

Get quotes before you purchase a car

Did you know that car insurance premiums are based on the price of the car, the average cost to repair it, the overall safety record for that type of vehicle and the likelihood it would get stolen?

When you are car shopping, it is a brilliant idea to look into how much the insurance will cost for that particular vehicle before you purchase it. This can save you a lot of money in premiums.

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Increase your policy’s deductible

If you already have enough money to cover unforeseen expenses, you can choose a higher deductible on your car insurance.

Choosing a higher deductible can save you a significant amount of money each month in premiums that you can use to increase your savings.

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Bundle your insurance policies

Most insurance companies offer a discount if you have two or more policies with their company. This can include a homeowners and auto policy, for example.

Some companies even offer a discount if you have two or more vehicles insured. It is best to shop around and compare costs before agreeing to bundle your policies with one insurer to ensure you get the best deal possible.

Related: Confessions of an Auto Insurance Agent | Business Car Insurance | Entrepreneur.com

6. Save money on your groceries

Groceries are monthly expenses that tend to hurt the pocketbook. With the rising cost of food, it can seem overwhelming to go to the grocery store. To help you pay down your debt, stock up on groceries on sale when you go grocery shopping.

Better yet, you can create a stockpile when things are on sale and even skip a grocery trip or two a month, helping you save money to put towards your debt or savings.

It is also recommended to always shop with a shopping list and

stick to it to help prevent wasting money on impulse purchases.

Related: How to Save Money on Groceries | Entrepreneur

7. Lower your utility bills

You have probably noticed recently that your utility bills keep going up.

This is because the demand for energy-related commodities, such as natural gas, has increased faster than it can be produced. Below are a few ways to help lower your monthly bills, saving you hard-earned money towards your savings goals.

Change your light bulbs

Did you know that simply switching your light bulbs can save you money?

As lighting is accountable for approximately 15% of an average home's electricity use, switching to energy-efficient LED bulbs can start saving you money immediately. In addition to switching to LED bulbs, you can add controls such as timers and dimmers to help save even more electricity.

Timers save you money by automatically turning lights off when they aren't needed, and dimmers can help lower the amount of light produced, helping to save money.

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Check for air leaks

Most homeowners know to check for leaks around windows and doors, but most don't understand that a significant source of air leaks occurs in the attic.

These leaks typically happen where the walls meet the attic floor, at the access hatch into the attic and around any plumbing or electrical components. These small gaps can be sealed using caulking or spray foam to help your home operate more efficiently.

Another place to check for leaks is in your basement.

Look at sealing any gaps where the foundation meets the framing of your house and again where there are any plumbing or electrical components.

Related: Reduce Your Energy Bills This Winter, Part I

Adjust your thermostat

If you haven’t upgraded your thermostat to a programmable or smart one, now might be the time to do that. These devices automatically lower the temperature when you are asleep or away, saving you money on your heating and electric bill.

Smart thermostats work in a few different ways. Some keep track of their temperature preferences throughout the day and use that information to create the most efficient schedule possible. Other models have numerous sensors that keep track of the temperature in different rooms of your home to provide a balanced heating and cooling schedule.

To be the most efficient, setting the temperature to 68 □ or lower when you are home and down to 60 □ when you are asleep or away is recommended.

Related: The 7 Most Useful Smart Home Devices

8. Utilize browser extensions

Do you currently utilize browser extensions to help you save money?

Browser extensions make saving on the things you buy easier than ever. They can even help you save hundreds of dollars on online shopping, which you can apply to your savings plan. All you have to do is download the extension and then add them to your web browser.

These extensions then search the web for coupon codes for the items you want to purchase and automatically apply them when you pay. Some of the best browser extensions even compare prices between various retailers to ensure you get the best price possible.

Some examples of browser extensions include:

- Capital One Shopping.
- Ibotta.
- Rakuten.
- PayPal Honey.
- CouponCabin.

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9. Take advantage of cash-back rewards

Another way to help you save money is to take full advantage of your cash-back rewards.

Most credit cards have different cash-back options, so look at your credit card statement to see exactly how much your provider offers. It is best to utilize cash-back rewards on necessities to ensure you aren’t overspending on impulse purchases just to get the cash-back rewards.

Some necessities that you can earn rewards on include:

- Groceries.

- Utilities.
- House insurance.
- Car insurance.
- Gas.

Instead of thinking of cash back as free money, it is best to consider it a discount. You can then apply the amount you saved to pay off your debt or to help you reach your savings goal.

Related: 4 Best Cash Back Business Credit Cards of 2023 | Entrepreneur Guide

10. Consider refinancing your mortgage

If you want to lower your monthly expenses to help you save money, you may want to consider refinancing your mortgage. Refinancing can help lower your monthly payment, save money on interest payments and help pay off your mortgage sooner.

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You can lock in a lower interest rate

One of the main reasons refinancing your mortgage is an intelligent decision is that you can lock in a lower interest rate. Maybe your credit score has drastically improved since you took out your mortgage, or the current interest rate is substantially lower than you currently pay.

Refinancing at a lower interest rate can save you money over your mortgage.

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You can switch your loan type

Maybe when you first took out your mortgage, you decided on a higher-risk adjustable-rate mortgage, but now you want a guaranteed fixed-rate mortgage to help with your budgeting. When you refinance, it gives you the option to switch the type of loan you have to better fit in with your current financial plan.

You can shorten the length of your mortgage

When you refinance, you also have the opportunity to change the duration of your mortgage.

What this means is if you have 20 years left on your mortgage, you can decide to refinance into a 15-year loan which may increase your monthly payments slightly but save you a lot of money in interest payments over the life of the loan.

The following are just a few of the benefits of refinancing your mortgage to help with your savings goals:

- You can lower your interest rate, which saves you money every month.
- You can lower your monthly mortgage payment freeing up space in your budget for savings.
- You can shorten the length of your mortgage, which means you can be mortgage free sooner.
- You can change from an adjustable rate to a fixed-rate mortgage to provide more financial stability.

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Prioritize your savings goals

Regardless if you are saving for a short-term goal, such as

buying a car or going on a vacation, or a long-term goal, such as buying a home or saving for retirement, it is essential to prioritize savings.

By implementing some of the suggestions above, you can be well on your way to reaching your savings goals.

Check out Entrepreneur's other articles for more information on this topic, including tips for saving money.

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