

# Credit Counselling Society Presents

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the *Mind Your Money* series:

## **The Psychology of Saving**

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# Top Reasons We See for Financial Trouble

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1. Unemployment / Underemployment
2. Excessive use of Credit or Using Credit for Living Expenses
3. Injury / Illness
4. No Budget / Lack of Financial Education
5. Separation / Divorce and Family Expenses
6. Failed Business/Used Credit for Business Expenses
7. High Housing Costs

# Agenda



- Importance of saving
- Financial well-being
- Roadblocks to saving
- Savings strategies

# Objectives



By the end of this session, you will be able to:

- Understand how savings can increase your financial well-being
- Know how to create a financial goal that you can achieve
- Describe at least 5 different savings strategies



## Why is it important to save?



# Savings



- Less stress
- Avoid borrowing for day to day expenses
- Security for the future
- More confidence with my money

# What is Financial Well-Being (FWB)?

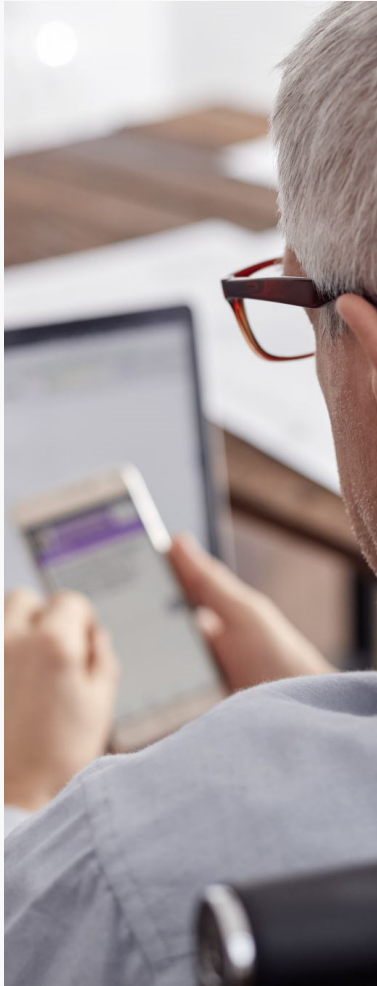
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The extent to which someone is able to meet all their current commitments and needs comfortably, and has the financial resilience to maintain this in the future



# Did You Know?



- Canadians who actively save have higher levels of FWB than those with the same income who don't
- Psychological factors greatly influence whether or not a person regularly saves money
- Canadians who find ways to avoid borrowing for daily expenses have higher levels of FWB
- FWB does not change significantly if your household income is between \$50K and \$150K

# Check Your FWB Levels



- Answer the following 10 questions using this scale:
  - 1 – Never
  - 2 – Rarely
  - 3 – Sometimes
  - 4 – Often
  - 5 – Always

# Check Your FWB Levels

**1 – Never**

**2 – Rarely**

**3 – Sometimes**

**4 – Often**

**5 – Always**

1. I pay my bills on time.
2. I put money away for my goals (e.g., retirement, irregular expenses, emergencies, vacations).
3. My income allows for unplanned purchases without borrowing.
4. I can pay for my monthly expenses without borrowing.
5. I have money leftover at the end of the month after paying for food and housing expenses

# Check Your FWB Levels

**1 – Never**

**2 – Rarely**

**3 – Sometimes**

**4 – Often**

**5 – Always**

6. I review my budget in order to make room for things that matter to me.
7. I educate myself on different financial products.
8. I believe I can stop myself from spending impulsively.
9. I believe I am in control of my financial situation.
10. I believe that saving for the future is more important than spending on my current wants.

# Where do you stand?



Only one third of Canadians are considered ***financially secure***

# Increase Your FWB



- **Actively save**
- Meet your current commitments
- Avoid borrowing for day to day expenses
- Have positive beliefs and attitudes towards your own money



# Roadblocks to Savings



- Subconscious brain makes it hard to save
- Present Self vs. Future Self
- External locus of control

Only 14 – 17% of people are natural savers!

# Where To Start



- Decide what you want to save for
- Know the *why* and get excited about it!
  - Rate your goals
  - “The Disturb”
- Motivation leads to commitment

# Setting Goals



- Goal setting in action:
  - My goal is \_\_\_\_\_  
because \_\_\_\_\_
  - I want to achieve it \_\_\_\_\_
  - The total cost of my goal is \$\_\_\_\_\_
  - I will set aside \$\_\_\_\_ / pay to achieve this goal.
  - What parts of my lifestyle are in my control right now?

# Make It Happen!



- Create separate bank accounts for each of your savings goals
  - Assign fun labels to them
- Utilise all of our 5 senses
- Automate your savings
- Now you're saving!

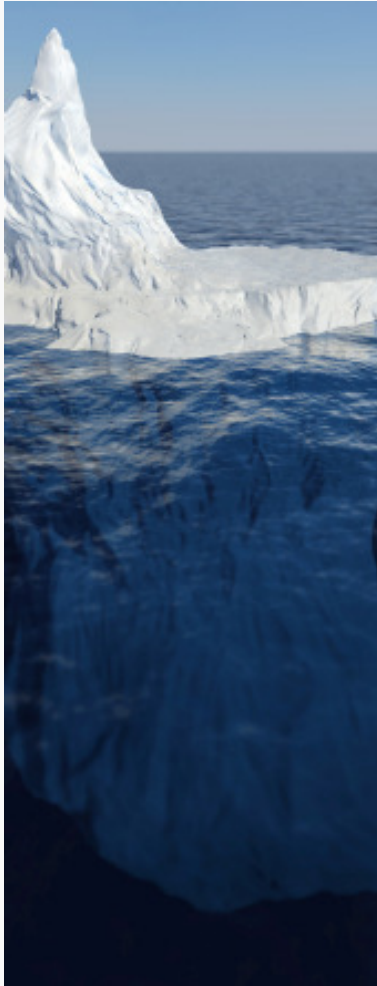
# Perspectives on Money



- Money values
- Locus of control
- Time value
- Control your impulses

# Money Values

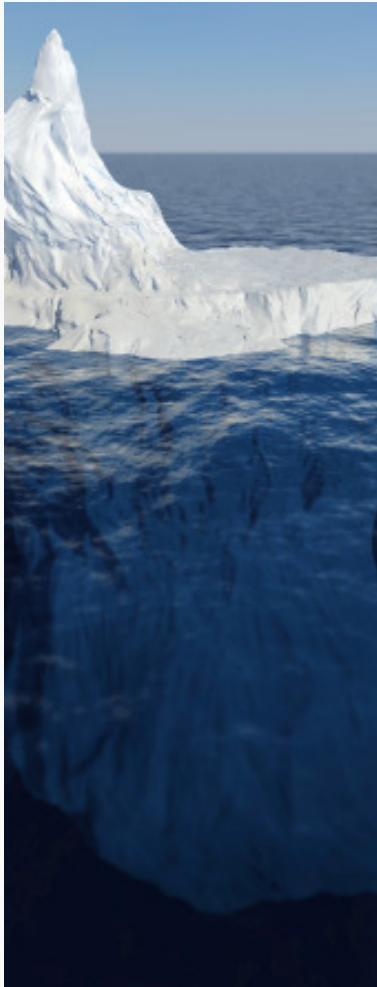
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**What does money mean to you?**



# Money Values



- Common money values:
  - Safety and Security
  - Freedom + Choices
  - Independence
  - Ability to give
  - Comfort
  - Adventure

# Locus of Control



- Internal vs external locus of control
- Canadians with higher *internal* locus of control have higher levels of FWB
  - Writing out goals
  - Watch our “self-talk”
  - Get support

# Your Time Value

- Know what your time is worth
- When you buy an item, is it worth the number of hours worked to buy it?
- Calculate how much you make hourly

$$\frac{\text{Annual Salary}}{52 \text{ (weeks per year)}} \div \text{Hours worked per week} = \text{Hourly Wage}$$

# Control Your Impulses



- Resist the urge to borrow!
- Instead of borrowing:
  - Use savings
  - Go without
  - Earn a little extra income to cover (e.g. side hustle, bottle depot)
  - Cut one expense for a month

# Savings Strategies



- Commitment devices
- Round it up
- Money buddy
- Risk your values
- Pull on your heart strings
- Save the “extras”

# Commitment Devices



- Commitment device is a way to lock yourself into a plan of action that you might otherwise have trouble sticking to
- Examples:
  - Locking away your credit card
  - Forcing yourself to wait 48 hours before buying anything online
  - Making savings automatic



# Round It Up



- Round up your debit purchases to the nearest dollar
- May be available through your financial institution
- Example:
  - I spend \$2.50 using my debit card; my bank will automatically round up my purchase to the nearest dollar, and direct an additional \$0.50 into my savings account

# Money Buddy



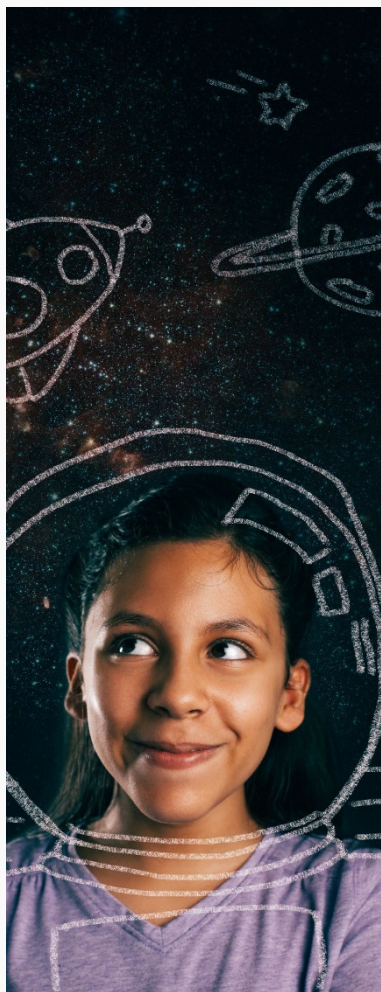
- Ask a like-minded friend to hold you accountable
- Challenge them to a savings contest
- Intrinsic rewards are more effective than extrinsic rewards
  - Embrace the *feeling* of winning

# Risk Your Values



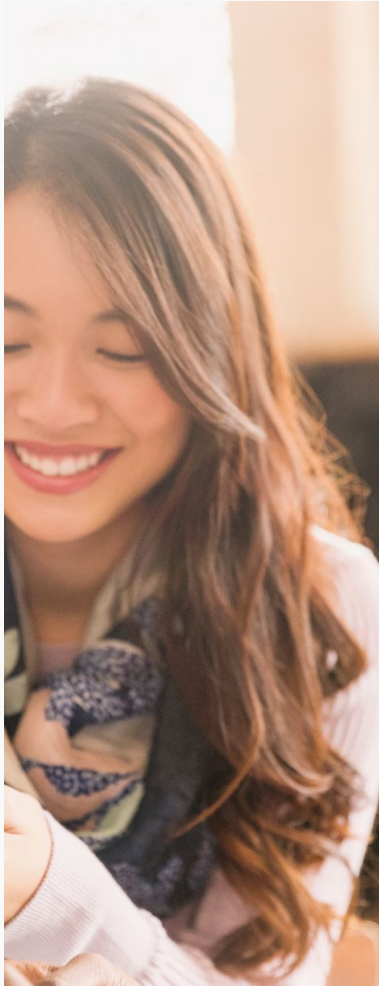
- Give a trusted friend \$100 to hold for you
  - If you achieve your money goal, you get the money back
  - If you don't achieve your money goal, your friend will donate it to an organization you DON'T like

# Your Heart Strings



- Put a picture of someone(s) you hold dear to you, on a jar, envelope, debit card or piggy bank
- In order to access your money, you must physically break through the picture of your loved one

# Save The “Extras”



- Save your savings
  - When you save money with shopping discounts, move that amount into your savings
- Save your raise
  - Celebrate your raise by creating an automatic transfer of your extra money directly into your savings account
- Save your non-spending
  - If you choose not to buy something, move what you would have spent, over into savings!

# Every Little Bit Counts!



- 2-Litre Pop Bottle
  - Fill it with dimes to get roughly \$700
- Collect your change
  - Choose to not spend certain coins or bills
- 52 Week Money Challenge
- 365 Day Nickel Challenge
- Weekly Savings Challenge
- Holiday savings



# 52 Week Money Challenge

Week	Deposit	Balance	Week	Deposit	Balance	Week	Deposit	Balance
1	\$1	\$1	18	\$18	\$171	35	\$35	\$630
2	\$2	\$3	19	\$19	\$190	36	\$36	\$666
3	\$3	\$6	20	\$20	\$210	37	\$37	\$703
4	\$4	\$10	21	\$21	\$231	38	\$38	\$741
5	\$5	\$15	22	\$22	\$253	39	\$39	\$780
6	\$6	\$21	23	\$23	\$276	40	\$40	\$820
7	\$7	\$28	24	\$24	\$300	41	\$41	\$861
8	\$8	\$36	25	\$25	\$325	42	\$42	\$903
9	\$9	\$45	26	\$26	\$351	43	\$43	\$946
10	\$10	\$55	27	\$27	\$378	44	\$44	\$990
11	\$11	\$66	28	\$28	\$406	45	\$45	\$1,035
12	\$12	\$78	29	\$29	\$435	46	\$46	\$1,081
13	\$13	\$91	30	\$30	\$465	47	\$47	\$1,128
14	\$14	\$105	31	\$31	\$496	48	\$48	\$1,176
15	\$15	\$120	32	\$32	\$528	49	\$49	\$1,225
16	\$16	\$136	33	\$33	\$561	50	\$50	\$1,275
17	\$17	\$153	34	\$34	\$595	51	\$51	\$1,326
						<b>52</b>	<b>\$52</b>	<b>\$1,378</b>





# Weekly Savings Challenge



- Monday: \$1
- Tuesday: \$2
- Wednesday: \$3
- Thursday: \$4
- Friday: \$5
- Saturday: \$6
- Sunday: \$7

**Repeat weekly for a year to get  
\$1456!**

# Holiday Savings



35 days before holiday:

- Day 1: Transfer \$35 into savings
- Day 2: Transfer \$34 into savings
- Day 3: Transfer \$33 into savings....
- **Day 35: Transfer \$1 into savings for a total of \$630!**

# Money Tips



- Find a financial goal you are passionate about
- Make an action step now and write it down!
- Start saving today, every little bit adds up
- If you fail, be kind to yourself and practice positive affirmations
- Free tools and resources available at: [www.mymoneycoach.ca](http://www.mymoneycoach.ca)

# Conclusion



Now, you are able to:

- Understand how savings can increase your financial well-being
- Know how to create a financial goal that you can achieve
- Describe at least 5 different savings strategies

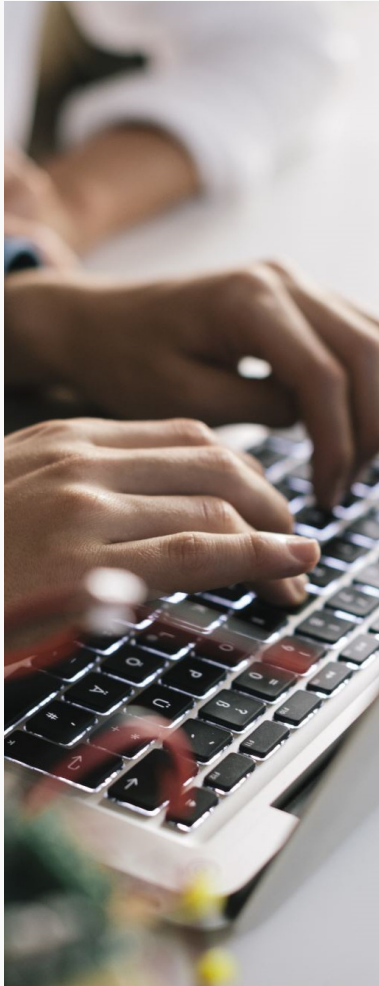


# ADDITIONAL RESOURCES

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Some helpful  
resources for  
you to get  
started

# Learn More



## #LearnWithCCS

 Facebook - @MyMoneyCoach.ca

 Twitter - @MyMoneyCoach\_ca

 Instagram - @MyMoneyCoach

- Sign up for our monthly newsletter
- Check out our social media for daily tips/articles
- Subscribe to our blog
- Follow us on Social Media

# How We Help



Book a free financial consultation with  
one of our Credit Counsellors

**1-888-527-8999**

Message us through our online chat

**[nomoredebts.org](https://nomoredebts.org)**