



Much more than common cents.

Developing the 10% Savings Discipline

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THE 10% SAVINGS DISCIPLINE

Wealth Building Fundamentals Workshop

In this workbook you will examine several FUNDamental principles to establishing financial stability. These principles will provide you with a strong foundation for building the wealth you seek.

Let's head down the road to financial success!

The 4 main tools that you will play with at this stage of the trip are:

- 1. Understanding Money Psychology*
- 2. Your Savings Motivation*
- 3. Establishing Savings Disciplines*
- 4. Your Savings Plan*

Plus, there is a bonus tool at the end of the workbook to keep you moving forward on the road to your financial success.

Congratulations for taking the initiative to complete this program. We look forward to seeing you again soon!

*Shawn Jordan,
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Follow the road to financial success

TOOL #1

Understanding Money Psychology

Money. It's a commodity – a tool we use in our society to obtain the things we want to have. Yet for many people, money is much more than a commodity – it's a symbol. It represents certain things to certain people, and there is a lot of emotion connected to money. The way you think and feel about money subconsciously affects the amount of money you have in your life.

Following are a few questions that will allow you to consciously examine your thoughts and feelings about money. Please take the time to write your answers below to gain a FUNdamental understanding of your money psychology.

Today's Date: _____

1. *What does money mean to you?*

Write down the first words that come to mind when you hear the word 'money':

2. *How much money do you want to have:*

This year? _____

In the next 3 years? _____

In the next 5 years? _____

In the next 10 years? _____

3. *What do you want that money for?*

4. *If someone told you today that you only had 10 years to live, would your answer to the last question change? What would you really want money for?*

TOOL #2

Your Savings Motivation

Please take a minute and write your answers to the questions below.

1. What do you think of when you hear the word saving (s)?

2. How much money do you think you should be saving at this point in your life?

3. Do you know how much money you have in your savings today?

4. How did you create your savings?

5. What keeps you from saving?

6. Do you know anyone who is successful at saving? Write their name (s) below.

7. What's the difference between you and those people in question #6?

Saving is a discipline that provides peace of mind. 'Savings' ensure a supply of money set aside for your future, providing long-term security. 'Savings' are necessary for creating a sense of financial balance. Establishing 'savings' is a FUNdamental step to ensuring that you will have money for the things that you want. Flip back to the first section of this booklet and reread your answer to question #4... That is your motivation for saving!

Just in case you need further motivation, consider these points:

- Without savings you have nothing to rely on in an emergency
- Savings may be necessary for your survival if you suddenly lose your income (eg. You're injured and can no longer work, or the company you work for closes its doors)
- Without savings you risk NSF (Non - Sufficient Funds) worries and fees
- The government payouts to senior citizens, commonly referred to as 'old age security' or 'pension', will be non-existent by the time you retire.

TOOL #3

Establishing 'Savings' Disciplines

There are a number of disciplines you can adopt that will allow you to start building 'savings'. The first and most important discipline is to become aware of how and where you spend your money. It can be very easy to 'blow a pay cheque' and be left wondering where all your money went!

You are invited to participate in a very enlightening exercise. Over the next 30 days, track your spending. List every dollar you spend in the course of a month. You may be surprised when you discover how you're spending your hard-earned cash! (There is a '**Money Tracker**' chart to help you with this exercise on the next page.)

The next critical discipline for ensuring you have the money for what you want is the 10% Solution. The solution to the challenge of acquiring wealth is setting aside a minimum of 10% of every income amount you earn. Yes, that means from every single pay cheque you receive, you take at least 10% and put it in a savings/investment account.

In another segment of the Wealth Building Fundamentals course, we will provide suggestions for how to invest your 10% to maximize your return.

... But for now, let's look at the impact if you simply drop your 10% savings into a account that pays 4%...

Savings Liquid & In Bank

	1	2	3	4	5	6	7	TOTALS
Starting Balance	\$0	\$2,305.00	\$4,737.20	\$7,266.69	\$9,897.36	\$12,633.25	\$15,478.58	
Amount Earned	\$30,000.00							
Amount Taxed	\$7,500.00							
Amount Remaining	\$22,500.00							
Amount To Save/Year	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$15,750.00
Interest Earned (4%)	\$55.00	\$182.20	\$279.49	\$380.67	\$485.89	\$595.33	\$709.14	\$2,687.72
Total Amount Saved	\$2,305.00	\$4,737.20	\$7,266.69	\$9,897.36	\$12,633.25	\$15,478.58	\$18,437.72	\$18,437.72

The most effective way to set aside that 10% from every dollar you earn is to **PAY YOURSELF FIRST.**

Before you make a single purchase or pay a single bill, pay yourself your 10% first. The easiest way to do that is to establish an automatic withdrawal from your chequing account (assuming that's where you deposit your pay cheque) to a separate savings account on the day that your cheque is deposited. This ensures you've paid yourself first before 'other things' interfere with your 10% solution.

What has to change in your life in order to make savings an essential part of your financial picture?

EXPENSES	DAYS OF THE MONTH									
	1	2	3	4	5	6	7	8	9	10
Item										
Groceries										
Eating Out										
Clothes										
Shelter										
Entertainment										
Insurance										
Transportation										
Medical										
Personal Care										
Gifts/Donations										
Savings										

Clothes can include purchases, dry cleaning, etc.

Shelter can include rent, mortgage, utilities, etc

Transportation can include car payments, bus passes, parking, gasoline/diesel, repairs, maintenance, etc

Use blank rows for extra categories that you need

Consider spending money in accordance with your goals.

Every tiny step leads to a bigger destination – never underestimate the impact of your financial spending and saving habits.

Other savings disciplines to consider

- Never spend more money than you make
- Avoid charging an item on a credit card, unless you have the money on hand to pay for the item when the credit card statement arrives in the mail
- Use the 'latte factor'. This illustrates the value of making small adjustments to save a lot of money (you may find this easier to consider after completing your money tracker.)

Give up a latte and a muffin one day = save \$ 5.00 (small adjustment)
 Give them up 5 days a week for one month = save \$ 100.00 (noticeable savings)
 Give them up 5 days a week for one year = save \$1,300.00 (a sizable sum!)

(We'll look at how this sizable sum can become far more sizeable through the power of compound interest in another segment of the Wealth Building Fundamentals course.)

EXPENSES

DAYS OF THE MONTH

MONEY TRACKER CHART

Item	11	12	13	14	15	16	17	18	19	20
Groceries										
Eating Out										
Clothes										
Shelter										
Entertainment										
Insurance										
Transportation										
Medical										
Personal Care										
Gifts/Donations										
Savings										

TOOL #4

Your Savings Plan

When deciding how much money to 'save', consider what you are saving for, and establish a separate savings amount for each item. Then assign a percentage of your net income to each savings category. The major categories you might consider are:

- Long Term Savings** **10%**
- Emergency Savings** _____%
- Investment Savings** _____%
- Holiday Savings** _____%
- Big Purchase Savings** _____%

(This is non-negotiable. This is the 10% solution. When you set aside 10% of your earnings as a 'pay yourself first' priority, you are securing your financial future.)

One way to determine your percentages, is to carefully examine how much of your income (that is, the money you actually bring home after taxes, which is only about 50% of your salary!) you absolutely need to spend for necessities (food, clothing, shelter, transportation), how much you need for education (include books, courses, etc) and how much of your income you need to spend in order to allow for some fun in your life. Then divide up what's left into the savings categories you require.

My annual income is	\$ _____	
Less my Long term savings	\$ _____	10%
Less my necessities	\$ _____	____%
Less education	\$ _____	____%
Less my fun fund	\$ _____	____%
= Savings	\$ _____	____%

Now you establish how much of that savings amount you are going to set aside for each category:

My savings amount is	\$ _____	
Emergency Savings	\$ _____	____%
Investment Savings	\$ _____	____%
Holiday Savings	\$ _____	____%
Big Purchase Savings	\$ _____	____%

