

# Saving money

## Factsheet

### Why is it a good idea to save money?

People save money because they want to buy something in the future (a savings goal) or have money if something goes wrong (emergency money).

How do I start to save money? Ask yourself these questions:

- ▶ What do I want to save for?
- ▶ How much money do I need to save?
- ▶ How much can I save each time I get paid?
- ▶ How long will it take me to reach my goal?

### Have a plan so you can reach your savings goal.

Once you start saving money, keep your savings in a bank, credit union or building society (so you do not use your savings goal money for other things).

### Remember

- ▶ Saving money is putting some money away to use in the future.
- ▶ Saving money helps you pay for things that cost a lot of money.
- ▶ Having money saved helps you when you have sudden or unexpected expenses.

### Where to get help and more information

For more information about saving money, you can tell your client to visit ASIC's MoneySmart website, [moneysmart.gov.au](http://moneysmart.gov.au), or call a Centrelink Financial Information Service Officer on 13 23 00 to help you make a savings plan.



### Fran starts savings for emergencies

Fran is a single mum with two young children. She works part-time as a receptionist in an office. She has enough money in her purse for food and bills but often worries if something needs to be fixed that she might not have enough to pay for it.

Fran decides to prepare a budget. She sits down one night and writes down her income and expenses.

Even though she does not have a lot of money left after paying all her bills, Fran decides she can start to save a small amount. She decides she does not have to buy 3 coffees a week when she works. If she buys only 1 coffee a week it means she can save \$10 a week. Fran thinks this might be hard but she will give it a try.

The first week Fran cut down to 2 coffees, and over the weeks she got used to only buying 1 coffee. Each week Fran could see her savings account grow. This made her happy.

Fran decides to put the \$10 a week into her savings account for emergencies. This way she will have enough money to pay for unexpected expenses, things she has to pay for all of a sudden.

Three months after starting her savings account for emergencies, Fran's car battery stopped working and she needed a new one. In the past, she would not have had enough money to buy a new battery. Now, Fran has \$120 in her savings account for emergencies and could buy a new battery, which cost \$90, right away. She could only do this as she had enough money in her savings account for emergencies.

