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Pay Yourself First

As the saying goes, "the best time to start saving is when you receive your first paycheck. The second-best time is right now." But many of us look at saving money as a boring obligation rather than as an expression of financial health, which makes it far less likely that we'll do it.

For many of us, saving might seem like a lofty goal. After spending money on a mortgage/rent, along with groceries and other bills, there might not be much left over at the end of the month. However, challenge yourself to reframe your thinking around your income and savings. One popular school of thought is to "pay yourself first." This means that before you pay any bills, you set aside some money from each paycheck in an account that's not too easily accessible (like a savings or investment account). Even when done in small increments, this practice can help you build up a balance that'll be available when you really need it.

Budget Tip: The 50/30/20 Rule

One popular budgeting method is the 50/30/20 rule, which tells you exactly how much to put towards your savings and your living costs each month. Divide your monthly after-tax income into three spending categories: 50% for needs, 30% for wants and 20% for savings or paying off debt. By regularly keeping your expenses balanced across these three main areas, you can put your money to work more efficiently. And with only three major categories to track, you can save yourself the time and stress of digging into the details of each and every financial transaction you make.

Take the time to write out all the ways you use your money over the course of one month and see what bucket they fall into: 50% for needs (bills and expenses), 30% for wants (fun/entertainment) and 20% for savings. If your totals don't follow the 50/30/20 rule, it might be time to make some changes!