

How I Saved \$20,000 in A Year

Description

With 2014 coming to a close I decided to do an analysis of my finances across the past 12 months, and realized quite amazingly that I managed to accumulate \$20,000 in this year alone!

(Disclaimer: I only graduated recently and have been working for just slightly over a year. My starting pay was \$2,500 – so I started pretty much on the same foot as everyone else. I stopped taking money from my parents since I was 18 and in fact give my parents \$200 each every month.)



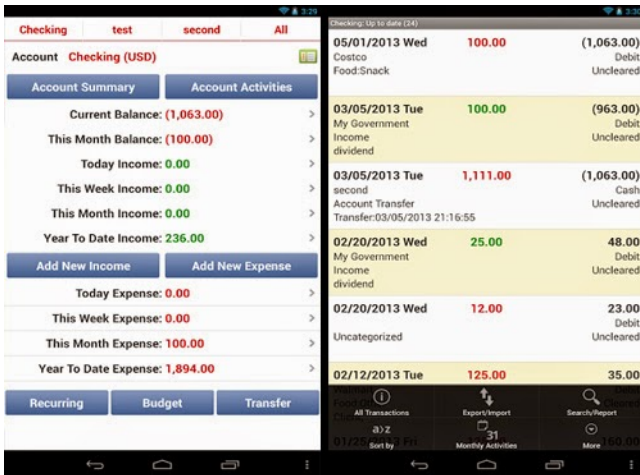
How did I do it?

1. Open up separate bank accounts

All the way until university, I always had one main bank account (POSB) which I save and spend from. When I graduated, however, I decided to open up another separate account and set it as my Savings account.

All my income went straight into this Savings account, and I would transfer about \$1,000 every few months into my spending account for my own usage. By saving before I spend, I managed to save at least 1/2 of my monthly income each time.

2. Track all my expenses



The screenshot shows a mobile banking app interface. On the left, there's an 'Account Summary' for a 'Checking (USD)' account. It displays: Current Balance: (1,063.00), This Month Balance: (100.00), Today Income: 0.00, This Week Income: 0.00, This Month Income: 0.00, Year To Date Income: 236.00. Below this are buttons for 'Add New Income' and 'Add New Expense', and summary rows for Today Expense: 0.00, This Week Expense: 0.00, This Month Expense: 100.00, and Year To Date Expense: 1,894.00. At the bottom are 'Recurring', 'Budget', and 'Transfer' buttons. On the right, a list of transactions is shown with columns for date, amount, and description. Transactions include: 05/01/2013 Wed 100.00 (1,063.00) Debit Unleared (Costco Food:Snack), 03/05/2013 Tue 100.00 (963.00) Debit Unleared (My Government Income dividend), 03/05/2013 Tue 1,111.00 (1,063.00) Cash Unleared (second Account Transfer Transfer:03/05/2013 21:16:55), 02/20/2013 Wed 25.00 48.00 Debit Unleared (My Government Income dividend), 02/20/2013 Wed 12.00 23.00 Debit Unleared (Uncategorized), and 02/12/2013 Tue 125.00 35.00.

I use a free app called “Expense Manager”. It may sound troublesome, but it actually takes no longer than 5 seconds each time to key in your expenditure / less than 5 minutes at the end of every day to recap and input every spending at one shot.

What I love about it is that the app also allows users to customize and create their own categories, so you can track where your money is going into. Based on my past 12 months, these are the following categories I found myself spending the most on:

Bills / Liabilities → Dance → Travel (Holidays) → Food → Transport

Tracking your expenses also helps you to know where you can or should be cutting down the following month if you wish to save more.

3. Eat cheap / Avoid cafes



Ever since the cafe-hopping trend started a few years ago, Singaporeans have been frequently choosing cafes as their choice for hangout places and meals. Since you get to show off Instagram-worthy moments at the same time, why not right?

But I started feeling the pinch after a few trips there with friends. On average, a cafe meal sets you back by \$18 – \$30, and if you visit cafes once a week like most of my friends do, that can add up to

quite a bit. The same amount could probably feed you for 2 weeks on hawker food.

So I decided to start packing my own office lunches / eat at hawkers or food courts whenever I got the chance. My cafe expenses dropped from \$150 in March to \$20 the following month.

4. Skip the morning coffee



99% of people cannot survive at work without their morning coffee. Okay, I exaggerate, but I'm one of those who can't live without my morning cuppa.

However, if you spend \$5 – \$7 on Starbucks every day, that adds up to a ridiculous \$100+ on coffee alone every month! And it's just brown flavoured water!

I have SO MANY friends who are Starbucks gold card members and are always posting photos of their Starbucks coffees on Instagram. Sorry, but for the life of me I can never understand or justify spending this much on just coffee. My solution? Just buy powdered coffee and make your own every morning in the pantry. Or even better, if your workplace has a free coffee machine, use it!

5. Take advantage of credit card promotions



Many people are scared to use their credit cards. I don't blame them, especially after reading about so many people fall into insane credit card debts of at least \$10,000. But if you are disciplined, spending on your credit card can actually give you much more than using cash.

Of course, please make sure you have the money to pay off your bills and try to track your credit expenses so you won't end up over-spending! Always pay off your bills in time too if not the overdue interest fees can add up to quite a bit.

Here are some credit card offers that I frequently take advantage of:

- **Citibank SMRT Visa:** To chalk up SMRT\$ each time I travel.
- **Travel Insing:** LTA is currently running a reward campaign with SMRT for people who travel during off-peak hours. Register at <https://www.travelsmartrewards.sg/> and start claiming your money now! Last month I just claimed \$9 for my trips ?
- **OCBC 365 Credit Card:** I shop online a lot, and this card gives me the highest returns for my spending so far. (Update: Apparently Frank gives 6% cashback, more than the 365 card's 3%)
- **DBS Movie Discounts:** \$1 off each time + popcorn offers
- **Citibank / OCBC Travel Insurance:** Free each time you book air tickets using your credit card! I no longer buy tickets together with my friends but rather pay for mine separately so I can claim my free insurance and save between \$30 – \$100 each trip.

6. Cut down on drinks / nightlife



Ever since I started work, Wednesday's Ladies Nights have become almost impossible for me to go for. Clubbing on Friday / Saturdays becomes the more realistic alternative, but even though I usually get in for free, the cab rides home can add up to quite a bit! Plus, you tend to lose control of your wallet strings when you're intoxicated and can easily end up spending a bomb on drinks on the spur of the

moment.

From 2011 to 2013 I was clubbing / drinking a lot. This year though, I've cut down to once or twice every few months and I've seen an incredible reduction in my expenses, giving me more to save!

As a result of all these little tips and tricks, I managed to chalk up \$20,000 within this year itself which is a huge feat in retrospect considering my monthly pay. Although eventually I spent a fair bit on travelling for holidays (to make up for my lack of a graduation trip), I managed to stretch my dollar by making \$10,000 count for 6 countries (Asia + Europe) for a total of 35+ days!

For 2015 I've decided to try my shot at investing, after numerous financial consultations with my seniors and professionals. Will write another post on this once I've consolidated all my information and have better insight ?

Let me know if you found this useful! I'll love to hear from you.

*Update: Read my latest post on [how YOU can easily save \\$20,000 in 2015](#).
You can also check out my response to some people on this article at [this link](#).*

With love,
Budget Babe

Category

1. Bank Accounts
2. Savings

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