

How To Save \$20,000 in 2015

Description

I've been getting a lot of comments and emails from you guys recently, with many of you telling me your new year resolution would be to [Save \\$20,000 in a Year](#). That has inspired me to write this post, hopefully this will help you in your financial saving goals and make 2015 the year where you save more than you ever did!



Here's how to get started:

1. Pay off your debts



The most common debt for my peers is the Tuition Fee Loan. Most of my friends (and relatives) took up the OCBC loan, which offers attractive repayment terms of \$100/month over a maximum period of 20 years. You also don't have to start paying until you've graduated. What a good deal, right?

But did you know that the longer you take to repay the loan, the more the bank earns from you in interest? Why give them that money?

One advice I gave my closer friends was to borrow the money from their parents instead, and pay off the bank loan asap. At least that way, you save on interest rates (or if you're nice, you can give your parents some sort of interest in return for the loan. At least the money goes to family, instead of strangers.)

2. Find part-time income



I teach tuition for JC General Paper for extra income every month, and am able to charge slightly higher than market rate because *I am good at it*. It took me 5 years to build up my portfolio with students who have proved that my teaching methods do work, before I was able to charge higher. My friends who teach piano also earn quite a bit for just 8 – 10 hours every month. If you know what you're good at, you can focus on building that up for yourself until you get a good reputation (and thus higher fees).

If you can't teach, what about doing something else that you're good at? There's a huge supply of part-time jobs out there, but few people are willing to spend their extra time on that. If you truly want to save, getting a part-time job which can give you up to \$500 a month is going to help a lot if you want to save \$20,000 in 2015.

3. Kickstart your emergency fund



Let's face it, you don't want to end up in a situation where you need money desperately, and have to go knocking on your friends' door asking for a loan. Not only is it embarrassing, but it will also break your heart when you realize many of whom you thought were real friends aren't willing to help you

when you need them.

Sometime mid last year, my sister asked me to lend her \$1000 to repay our mutual friend whom she had borrowed the money from to buy her air ticket to Korea. Not wanting her to take the easy way out (she used to save more than me when we were younger, but spent almost all her savings ever since our parents gave her an ATM card), I said no and told her to save up the money herself. It was probably the best thing I've ever done for her as a sister, because in refusing to lend her the money (even though I easily could), she was forced to find ways to get the cash herself. Since then, she has started making home-cooked meals more often, took up more part-time jobs, and cut down *a lot* on shopping.

As a general rule of thumb, aim to have at least 3x of your monthly expenses in your emergency fund, kept aside for rainy days.

4. Say NO to peer pressure



Many of us overspend because we feel obliged to go along with what our friends want – eating at cafes, buying clothes, going clubbing, etc. Not wanting to be labelled as the party-pooper, we keep quiet and just go along with the flow.

Guess what? Your friends are all in debt too! (*Unless, of course, their parents are like Warren Buffet or Philip Ng.*) There's nothing to be ashamed of in telling people that you're on a budget / saving up to repay your study loan / saving up for a new car, a wedding, yadah yadah. My friends G and D are never afraid to say they don't have the money to join us at a restaurant, can we eat at a cheaper place instead?

Just having the guts to say this one word can save you a lot of money. Can you find a job that pays you for just saying ONE word?

5. Quit smoking and drinking

Quit Smoking



I have nothing against people who drink or smoke. Even I myself do that sometimes.

All those HPB campaigns rambling about the dangers they pose to your health? They don't work on me. What I found to really work, though, is to think about the cost of these bad habits.

One pack of cigarettes = \$10++
One can of beer = \$8++
One cocktail = \$15++
One vodka shot = \$12++

If, like my colleagues, you smoke every day and go drinking on Fridays and Saturdays, that can easily cost you over \$300 in a month!

Then in a few years time, what do you get? A huge medical bill for lung cancer / liver failure / whatever. Smart....not.

6. Stop paying too much for food

I love my cafe brunches, but I try not to eat them more than once a month. And I'm a self-professed hawker centre fan, which is not only cheap but also extremely tasty.



Even Gordon Ramsay came here to learn how to make our hawker dishes.

You eat 3 times every day. And where does all that food go? Down the toilet bowl. Whether or not you spend \$20 on a cafe lunch or \$3 on a plate of *Hokkien Mee*, everyone knows the outcome of your food is still the same. The only difference is in your wallet (and maybe your Instagram posts, because you

can get such a kick of posting hipster cafe photos!).

7. Stop overpaying for insurance

Last year when I was still a greenhorn, a friend of mine convinced me to take up an Investment-Linked Policy with him and pay a \$150 premium every month. He sold it to me as a savings plan + life insurance coverage. Sounds not bad right? That's what I thought.

It was only later in October last year when I met someone who worked in insurance as well, but was *brutally honest* about the pros and cons of every policy. He *hardly* sells ILPs, and all his clients consist of friends, relatives, and relatives of friends. Did you know that insurance agents sell your ILPs because they get 50% of the premium you pay every month?



Wah lau eh. Kena conned by friend!

If you're thinking of buying insurance, I suggest you speak to an honest agent first who won't give you all the fluff about each policy. I wish I had met my friend earlier (\$150 continues to drain out of my income every month for something which is barely sufficient to cover me), but oh well, the mistake has already been made.

8. Stop paying for things you don't use



Ditch that gym membership. Do you really need that manicure /facial / spa package? And why are you still paying for premium cable TV when you're barely home to watch it?

I'm especially wary of promotions that offer you a package for XX sessions. Most of the time, I never finish using them before the deadline. After this happened thrice, I ditched the package and now rely

on a “pay-as-I-use” model.

9. Go for movies, but avoid the movie candy

I can never justify paying \$10 for a popcorn or \$8 for nachos when I know I can get them cheaper before or after the movie.

10. Take advantage of multi-purpose electronic devices



Seriously, why on earth do you need an iPad, iPod or a Kindle when you already own a laptop and mobile phone? And unless you're a professional photographer, you will never get back the money you spent on buying your DSLR.

Instead, use your current electronic devices to double up for multiple purposes. Need a music player on-the-go? Load songs into your phone. Read and do work on your laptop instead of spending money on a new iPad / Kindle just because they're lighter. You can save that money for a better use.

A Basic Budget Calculation

Income:

\$2000 (on a starting pay of \$2,500, after CPF deductions)

\$500 (from part-time jobs)

Spending:

\$800 a month

Bonus

\$4000 (2 months bonus)

\$1,700 x 12 months + \$4000 = \$24,400 easily!

How is it difficult to save \$20,000 then? (You can even have extra money left to splurge on travelling!)

P.S. I do not get any bonuses from my job. The above figures do not reflect my actual lifestyle, but are meant to be an estimated guide.

If you found this useful, you might want to read my earlier post on [How to Save Money in Singapore](#). Or if you have any other tips you think should be on this list, please let me know!

Here's wishing you all best for your saving journey in 2015,
Budget Babe

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