

How to save money when you're making practically none



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Congrats, after months of applying and interviewing you've finally landed a job that pays you more than your rent. Unfortunately, it only pays just more than your rent. After groceries, a bus pass and your cell phone bill, it seems that there's barely enough left for a weekly pint down at the pub, much less enough left to save.

Yet save some you must, if you ever want to buy a house, buy a car, go on vacation, or make sure you're covered in case you ever lose your job

But...how?

Personal finance expert Rubina Ahmed-Haq says the key is to continue living the student lifestyle for the first few years of earning a salary.

"People don't realize how much disposable income, even on a small amount like \$30,000, you have," she says. "Because as you get older, life actually gets even tighter, with mortgage payments and children."

Still not convinced? Here are three categories of expenses where you can look to carve out savings:

1. Convenience fees

"Anything that makes your life convenient you need to cut out," Ahmed-Haq says.

Take a taxi to work because you couldn't bother to wake up 30 minutes earlier? Buy shampoo at the corner store because you didn't want to bus all the way out to the discount store? Sorry, not anymore.

"All these things are just fees," she says. "You're paying to make things easier for yourself."

And you can't afford the easy life — not yet.

2. Variable expenses

Pretty much everything besides your rent is a variable expense -- Internet, laundry, groceries, haircuts, alcohol, concerts, etc.,

Yes -- the Internet is technically a variable expense -- you could use it at the library, free.

These expenses tend to be out of control because of the prevalent cultural message of "I always need to be entertained and I always need to have fun,"

Ahmed-Haq says.

If only the cultural message was "I need to live in a hovel eating Kraft Dinner until I've paid off my debt and built an emergency fund. Only then may I partake in happy hour!"

Alas, it's not, so let's work with the times in which we live — try just to cut back a bit.

"No one is saying don't ever go out for dinner," she says. Instead, if you know you're going to dinner on Thursday, plan to eat in on Monday and Wednesday.

3. Impulse spending

Ahmed-Haq estimates that impulse spending can add up to about \$4,000 a year. "I think the point is that people don't realize how much they spend," she says.

To avoid buying jeans because they're marked down, just avoid the temptation. Take the long way to your destination instead of cutting through the mall. Don't give yourself the opportunity to spend.

Once you've cut back in these categories, remember to actually save the savings -- don't save to spend. Aim to sock away 10 per cent of your after tax income in a high-interest savings account. And once it's in there, Ahmed-Haq recommends a total hands-off strategy: "You shouldn't use it unless life is really falling apart."

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