



No Savings at 40? Here's How to Get Your First \$1,000

Description

In your 20s, you were just starting out. Then your 30s came along, and you finally hit your stride. But once 40 hits, a deep anxiety can set in: you're almost halfway through your working career, and, if you haven't started saving for retirement, you can easily start to feel the pressure.

But don't panic (not yet). Though it can be nerve-wrecking to hit 40 without a dime saved for retirement, time is still on your side. It won't be easy, sure, but if you're ready for the challenge, here's how you can hit that first \$1,000.

1. Think like a millionaire

It's no surprise that the majority of self-made millionaires build wealth not from earning high six-figure incomes, nor from inheriting loads of money. Self-made millionaires build wealth simply by living frugal lives.

Self-made millionaires don't drive luxury cars. They don't buy expensive clothes or dine out in fancy restaurants. They're not booking expensive cruises, nor are they buying vacation properties. Sure, millionaires *can* do these things. But the majority of self-made millionaires look like you and me drive used cars and shop at **Loblaws**. They earn moderate incomes and dine out only occasionally.

In short, self-made millionaires live *way* below their means, permitting them to save money.

So, let's take a step back. Do you spend more money than you make? Do you leverage debt to fund a lifestyle that's entirely fake? Do you have a nasty habit of spending your money on online purchases and hobbies?

Often, when we look at our lives through the millionaire mindset, we'll find plenty of empty spending habits we can cut, or assets (such as luxury cars) that we can sell. So, before you move on, take a moment and ask yourself, "What would my life look like if I lived more frugally?"

2. Build a savings goal into your monthly budget

Perhaps the best way to save \$1,000 is to treat your savings goal like a “fixed expense.” Then orientate your spending around it.

You can do this in a number of ways. My preference is the kakeibo budget. Every month, I start with my income and savings goal. Then, as the month goes on, I write in a notebook (yes, literally write) every expense I make, deducting what I spend from my starting income. This helps me stay aware of how much I could potentially save at the end of the month.

Alternatively, you could arrange for your bank to automatically transfer money from your chequing account to your savings when you get paid. In this way, you don't see the money, thus reducing the likelihood that you'll spend that money.

3. Pay off debt

Debt steals your income's power. With high interest rates and annoying fees, you could easily find yourself feeling cash strapped at the end of the month, which will only prevent you from saving money for retirement.

If you find yourself with mounds of consumer debt, I'd suggest paying that off first before you start saving. You could do this in a number of ways. Some people prefer to pay the smallest debt first, then quickly build toward larger debts (the so-called debt snowball). You could also pay off your debt with the highest interest rate first, then work toward debts with lower interest rates (the “debt avalanche”).

For those Canadians with high credit card debt, I'd suggest getting a [balance-transfer credit card](#). Many of these cards come with low APRs for a promotional period of time. If you can pay off your credit card debt within this promotional period, you could potentially save yourself a lot of money in interest.

4. Make sacrifices

If you're serious about saving \$1,000, then you'll do whatever it takes to get there, right? Well, in many cases, that's the kind of attitude you need to break through your spending habits and start putting aside more money. That could mean picking up a side hustle, or looking for a job that pays you more for the same work. You could also look at your budget and find expenses to cut, or you could start selling things you don't need (I'm looking at you, luxury cars).

With the right mindset, along with the grit and determination to start saving money now, you can easily put yourself on the right track to retire. It won't be easy, sure, but trust me — it will be worth it in the end.

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Date

2025/08/13

Date Created

2021/10/01

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