

Money Matter\$ - 14 January 2021

By Standard Chartered Bank

Title: New Financial Resolutions: Good money habits to start the year off right

It's the start of 2021, and with the new year comes a reminder that no matter what has happened in the past, there is always an opportunity for new beginnings.

If you have achieved your financial goals from last year, you deserve a pat on the back. If you didn't, then it's okay, take the opportunity to learn and set new goals that are achievable in 2021. Here are some useful tips on good money habits to help you achieve your financial new year targets.

Good Money Habit 1: Allocate your salary

Every month when your salary comes into your account, think of it as one big cake. Slice pieces up according to what they will be used for. There should be a slice for paying off monthly commitments, another for savings, and the leftover can be used for your other expenses.

The most important portion is the one that is used to pay off any commitments you may have. These would cover things you need to pay off on a monthly basis like utility bills, mortgages, loans and so forth. Ensure you allocate your salary to this portion first before anything else.

Good Money Habit 2: Say cash, not credit

Credit cards when used correctly can be a very convenient tool, especially for online shopping and while traveling overseas. However, when you do use your credit card, please do so wisely, knowing that you can cover the amount spent when the bill comes in. Always use cash for your regular shopping which will also help to ensure that you don't spend more than you intend to.

Good Money Habit 3: Spend less on unnecessary things

This requires the art of making the distinction between what you need and what you want. More often than not, the difference between the two is somewhat blurred and it's easy to fall into the trap where you convince yourself that you need it just because you want it so badly. It's all about setting your priorities right. So you need to be honest with yourself and ask if the item is really needed.

By spending less on unnecessary things, you can free up your funds for more important things at hand, like paying off a debt or setting up an emergency fund. Shop wisely and always make a list of things you need to buy to avoid overspending. This not only saves you money but also time as you spend less of it browsing through unnecessary items.

With lower monthly budgets, it is extremely essential to ensure priorities are taken care of first before luxuries can even be considered.

Good Money Habit 4: Looking around for the best deals

Great discounts and deals are always around so take advantage of them. Go to restaurants that offer dining promotions or shop at department stores that offer the best prices. You can easily find those great 2 for 1 offers in departmental and grocery stores, or if you're buying an item that comes in different sizes such as detergent, purchase the larger size as it is usually better value for money. It's good to look around for the best prices before settling on the item you want to purchase. A 10 per cent discount might not seem like a lot but every little penny that you can save counts. You'd be surprised at how much you can save when you count it all together at the end of the day. Just be sure that the deals do not mean you need to compromise on the level of quality you are looking for.

Good Money Habit 5: Build up on an emergency fund

It's good to save for a rainy day. You never know when that day might come so the best thing you can do is to be prepared. Set aside a portion of your income and ensure you place this portion towards your emergency fund monthly. By doing this regularly, you will slowly build up your emergency fund to a level that you are comfortable with for "those in-case-of-emergency" moments. Avoid using this emergency fund for paying off luxury items you decided to get on a whim. The last thing you want is to use the fund to pay for a fancy new watch only to realise that you should have saved it to pay the mechanic for your unforeseen car breakdown.

Don't be disheartened if you can't catch on to these habits immediately. Remind yourself of these few

tips if you ever fall back into your old routines and in no time these good money habits will come as second nature to you. Just remember to keep your goals realistic and good luck with the year ahead!

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