

# But why should I save money?

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**Summary:** *Saving money is extremely important to lead a comfortable financial life. Savings is essential to build a backup for emergencies, have a comfortable retirement, fund big ticket purchases and luxuries, to lead a stress free financial life, to reduce borrowings and to finally build your wealth. Start saving early and save regularly!*

As kids, all of us have heard the 'Ant and the Grasshopper' fable. If you have kids, you have most likely told the same story to them as well. But how many of us actually get down to following the moral in this fable - "Saving"? The excuses to not save are plenty and oft-repeated - "I will start next month", "I will start when I get a raise", "I will start saving later when I have responsibilities", etc etc. But the bottom line to prudent financial planning is to start saving early, save regularly and use the savings wisely. Let's look at the obvious and not-so-obvious reasons why you should be saving -

Let's start with the obvious reasons-

**To meet emergencies:** The saying 'Save for a rainy day' is the most apparent reason to save money. You never know how your life will change with just one event. Be it an accident, a loss of job or even a decrease in pay - your income source will definitely be affected. The best way to meet such emergencies is to have a savings pool which you can dip into. To learn more about Contingency Planning, [please click here](#). You cannot expect the unexpected, but you can at least stay prepared financially for a contingency.

**To have a safe retirement:** Next, you can lead a comfortable retired life only if you have a sufficient retirement pool. The sooner you start saving in your career, the lesser you will have to save on a monthly basis. The magic of compounding works wonders and there are several avenues you can choose to save for retirement. To learn more about Retirement Planning, [please click here](#).

**To fund big ticket purchases:** Buying a house or a car is expensive and can cause a big drain in your pocket. Although the option of taking a home loan or car loan is more common these days, the initial down payment of 15%-20% of the value of the house or car should come from your pocket. This can be quite a substantial amount in today's times with soaring real estate prices. Start saving for such big ticket purchases from the start of your career and you will be surprised how even a small amount can build to a substantial corpus.

**To fund luxuries:** An expensive gaming device, a flashy mobile or a luxurious holiday - who doesn't like to indulge once in a while? But spending mindlessly on such luxuries is not financial prudence. Plan your luxuries well in advance and save on a monthly basis to get there. When you learn to save money regularly, spending on such expensive luxuries seems a lot easier and lighter on the wallet.

And now, the not-so-obvious reasons-

**To worry less:** Most of us don't realise this - but when we start saving money regularly, we save worrying! When you are disciplined in saving and plan your spending pattern, it definitely reduces financial stress to a large extent and organizes your financial life in a better manner.

**To have lower debt on your books:** Another important reason you must save is to cut down on your borrowings. It is reasonable that debt cannot be completely avoided. In some cases like buying a house, taking a home loan is inevitable for most people. Nevertheless, there are many people who spend excessively on credit cards or take personal loans at exorbitant interest rates to finance their expenses. If you have a savings pool, this situation can be avoided.

**To increase your wealth:** Borrowing less means lower cash outflow as interest. This only adds to your savings pool and helps you build your wealth further. So, in effect, in the long term, money begets money if you begin to save early.

Start saving money today, save regularly and spend less to lead a financially fulfilling life.