POCKET WORTHY · Stories to fuel your mind

The Best Advice for Saving as Much as You Can

There is no one right answer to the omnipresent question of the basic budget, but here's a few bits of wisdom for any financial planner.

Lifehacker | Alicia Adamczyk

Paramount

There's one question I hear as a personal finance writer more than any other. It's not how to game the stock market, or become a billionaire—it's simply how to make a budget work while still saving enough to retire comfortably.

And of course, it's simple: Change your habits so you can put money aside for the things that matter to you. But that's also really, really hard to do.

That's because understanding personal finance is an uphill battle for many Americans. We're not taught about the practicalities of money in school, because the truth is many industries profit from our ignorance. While wages have hardly budged in decades, shareholders and CEOs have never been richer. The cost of living in many major cities is prohibitive to just about anyone but the super privileged, or those willing to take on a lot of debt or make enormous sacrifices. While the stock market soars, just 52% of U.S. adults actually owned stock in 2016, according to Gallup, and the wealthiest 1% of households owned 38% of all stock shares in 2013. The government is actively working against consumers to make it easier for financial institutions to prey on its citizens, and a single medical bill can send a person into debt for the rest of their lives.

All of that is true, and makes it easy to feel cynical and think you'll never be able to get ahead. But it's also true that you need money—you have to put dinner on the table tonight and fund your kid's 529 and maybe take a vacation at some point. So what can the average person actually do? There's no single formula that will turn everyone into a millionaire, but here are the basics I try to keep in mind:

Know that success isn't going to happen overnight.

Humans are myopic, and it's never easy to make any sort of real, lasting change in your habits. You're going to have a few setbacks, and that's ok.

Knowledge is power.

Don't rush into any sort of decision-making, and always consult a second (or third or fourth) source. When it comes to money, people will do pretty much whatever they can to get as much as they can, no matter what that means for you.

Automate anything you can (assuming you have enough to cover the bills and aren't pulling an overdraft fee).

Especially automate your retirement savings. The less we have to think about, the better (see: the work of Nobel Prize-winning behavioral economist Richard Thaler).

Reward yourself.

Unless you're superhuman, you likely can't forego every pleasure on earth to save as much as you possibly can. Nor should you—life is short, enjoy it.

I also asked some of my favorite writers (and my personal nemesis) for their most basic personal finance advice. Here's what they say are the most important things to know about your money:

Helaine Olen, author of *Pound Foolish* and co-author of *The Index Card*

> Our personal finances don't exist in a vacuum and they are not ours alone to determine. They are a result not just of our own actions, but also the greater economy and government law and regulation. The Trump administration is currently engaged in a rollback of any number of consumer protections as well as promoting any changes that will make things harder on many

student loan borrowers. Congressional Republicans are making noises about cutting Social Security. This is all as much a part of your finances as how you spend and save your paycheck. Educate yourself and speak up. Call your members of Congress and let them know what you think.

Taylor Tepper, financial planning analyst at Bankrate

You want to make as few decisions as possible. You know you need an emergency fund, so automate. Do the same with increasing your 401(k) contributions each year, or paying off your credit card debt. You have an entire life to lead, and you want as little time devoted to the nuts and bolts of your finances as possible.

Train yourself not to adapt. There's this notion that you have before you start your career that if I just make a certain amount of money I'm going to be great. But life doesn't really work like that. You find yourself constantly adapting your spending and lifestyle to your income. You get a raise, so you buy a bigger house. This can cause a lot of problems if you're not careful. Among those with credit card debt, the richest owe the most. So be careful with your spending even if you're suddenly making more than you thought you would. You also will be unhappy if you chase temporary pleasure with dollars. Try to live just below your means, than above.

Nicole Dieker, Senior Editor at The Billfold (and a writer at

Lifehacker)

> The smartest thing I ever did, financially, was decide to save a percentage of each paycheck. I began by putting 10% (pretax) of each freelance check I received into a savings account, and this year I bumped it up to 15%. I also set aside 30% of my freelance income for taxes, and it's sometimes frustrating to think "of every $1,000 I earn, I only get to spend $550"—but believe me, having the savings is worth it. I've fully funded my Roth IRA, I was able to pay off a major unexpected expense, and I have the security of knowing that I have a cash buffer in case of future emergencies/unemployment/etc.

Chris Taylor, Senior Money Correspondent at Reuters Money

> The Roth IRA is my favorite retirement vehicle, bar none. Because contributions are after-tax, that means you can look at your account and know that every penny (including earnings) is yours forever, tax-free. That's a nice feeling. It's especially useful for younger workers — many of whom are freelancers or independent contractors, and probably don't have access to company 401(k)s. So contribute as early as you can, max it out every year for as long as you can (current annual limit is $5,500, or $6,500 for those 50 and over), and you can sleep a little easier knowing your retirement will probably be okay.

Maria LaMagna, Reporter at Marketwatch

> Sometimes it's hard to stick to a budget — so hard in fact, that

two-thirds of adults don't write one out at all. I fall into that category. But I don't fall behind on my finances (most of the time) because I've made money management so easy for myself.

Automate as many methods for saving and tracking your money as you can. Set up an automated deposit into your retirement account, whether it's through your employer, or one you have set up yourself.

Once you've done that, arm yourself with more great tools. One of the best I've tried is Clarity Money, which tracks your spending by category to help you stay on track. Previous apps I've tried were inaccurate or arduous, but this one is well-designed. It comes with an option to set up an automatic deposit into a savings account if you'd like.

I also use Acorns, an app that invests your spare change into exchange-traded funds (ETFs). If your investment is under $5,000, it costs $1 per month. If it's more than $5,000, it costs 0.25% of your investment. But it's easy to offset the $1 per month cost through "Found Money," a partnership program Acorns has with retailers, that gives you cash back into your Acorns account.

There are even more automated savings and investment tools I haven't tried. Betterment and Personal Capital are two highlyrated online robo advisors. Digit is an app that automatically saves money from your checking account, but doesn't invest it. It costs $2.99 per month, after a 100-day trial period. Test a few apps out and see what works for you.

Ron Lieber, author of The Opposite of Spoiled and the Your Money columnist for *The New York Times*

Four things to add:

1. I started early. The more time your money and investments have to grow before you need them, the more money you'll have all things being equal. Every little bit counts, if only to get into the right habits.

2. I put myself in the right place geographically. I'm a Chicagoan through and through. I'd been reared to believe awful things about New Yorkers. But this is where magazines and book publishing were happening, so I held my nose and moved.

3. I did side hustles. Books, freelance writing, speeches, whatever work I could get my hands on. It was the only way to scrape together a 10% down payment for a one bedroom condo one long block over from where the cool kids lived.

4. I got lucky. So, so lucky. I stayed healthy, I haven't had any family members needing money, I haven't had long periods of

> income interruption. I couldn’t have controlled any of that. But I wouldn’t have benefited from real estate or investment luck had I not started saving early (1.) and moved to a city (2.) where my odds were higher of meeting people who could help me earn more (3.).

Sign up to get Lifehacker Daily to get tips, tricks & shortcuts in your inbox here.

This post originally appeared on Lifehacker and was published February 14, 2019. This article is republished here with permission.