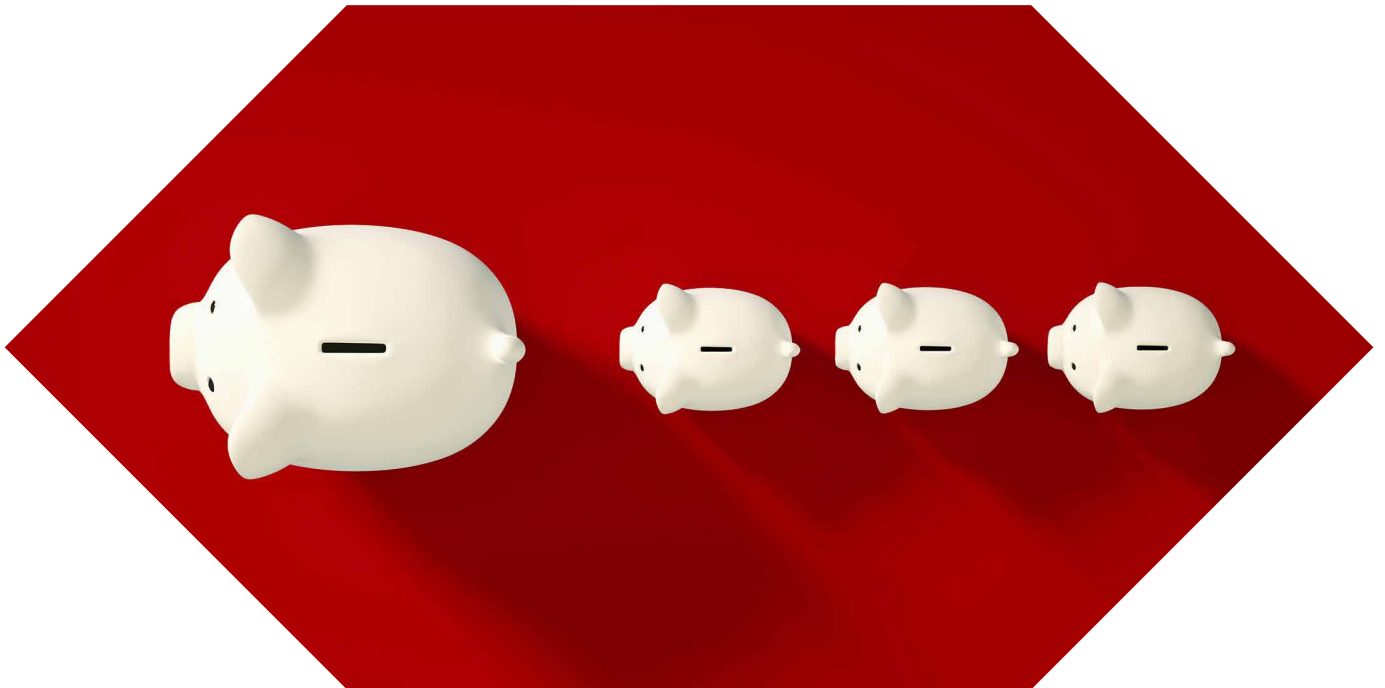


Financial education for young adults

# Saving



**HSBC**

| Opening up a world of opportunity

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# How to save money as a young adult

## **Saving money when you're a young adult may feel like a challenge, but it doesn't need to be.**

There are ways you can build your savings to achieve your goal, whether it's to buy a new phone or go on a trip.

Here are some tips for getting started.

### **1 Open a savings account**



A savings account gives you somewhere to keep the money you want to save – reducing the temptation to spend it.

The savings accounts offered by different banks may have slightly different features or offers. It's worth finding out about these before you open a savings account, so you can choose the type that suits you best.

If you're under 18, your parent or guardian may need to come with you when you open a savings account.

### **2 Work out what you can save**



When you receive money – whether it's from a job, as a birthday gift or as pocket money – it can be tough to work out what to save and what to spend. That's totally up to you, but you could set yourself limits. For example, you might want to put 20% of your money into your savings and keep 80% for spending on things like transport or eating out. Or perhaps you want to split it 50-50. The more you can save, the faster you'll reach your goal.

### **3 Set a savings goal**



Setting a specific goal for your saving can help you stay on track. There are apps that can show you how much you need to save each month to achieve your target by a specific date. When setting a savings goal, make sure it's realistic so you don't leave yourself short or have to miss out on events with friends.

To help keep your goal at the front of your mind and remove the temptation to dip into your savings, you could try writing your goal down and keeping it somewhere you can see.

If there's nothing in particular you want to save for, you could try setting yourself milestones to hit. For example, you could aim to save HKD200 and then increase this to HKD500 or HKD1,000 when you've hit your target.

## 4 Make changes to your spending



If you want to save more to reach your goal quicker, you could try tracking what you currently spend. A budget will show you where your money is going and where you could cut back to save more.

You can also consider a method called 'round-up savings'. Say you stop at your local coffee shop for a coffee to go. It costs HKD25. You then round up the price to HKD30, with HKD25 going to the merchant and HKD5 going to your savings. Making small changes like this can have a big impact on your savings over a couple of months.

## 5 Keep saving



It may feel hard to get into the swing of saving money at first, but it's important not to get disheartened if you forget to save one week or if you save a bit less than usual. Putting away a small amount is still useful and will help towards your overall goal.

If you reach your target, whether it's to buy a new item or hit a milestone, you don't have to stop saving. You can carry on saving for another item on your list, or aim for a new milestone.



# Should I borrow or save?

## **You see it, you like it, you want it – but it's expensive.**

We've all been there. Shopping isn't fun when you haven't got the money. So, when you see something you can't afford, you have two options: borrow or save.

### ▶ How do I make the right decision?

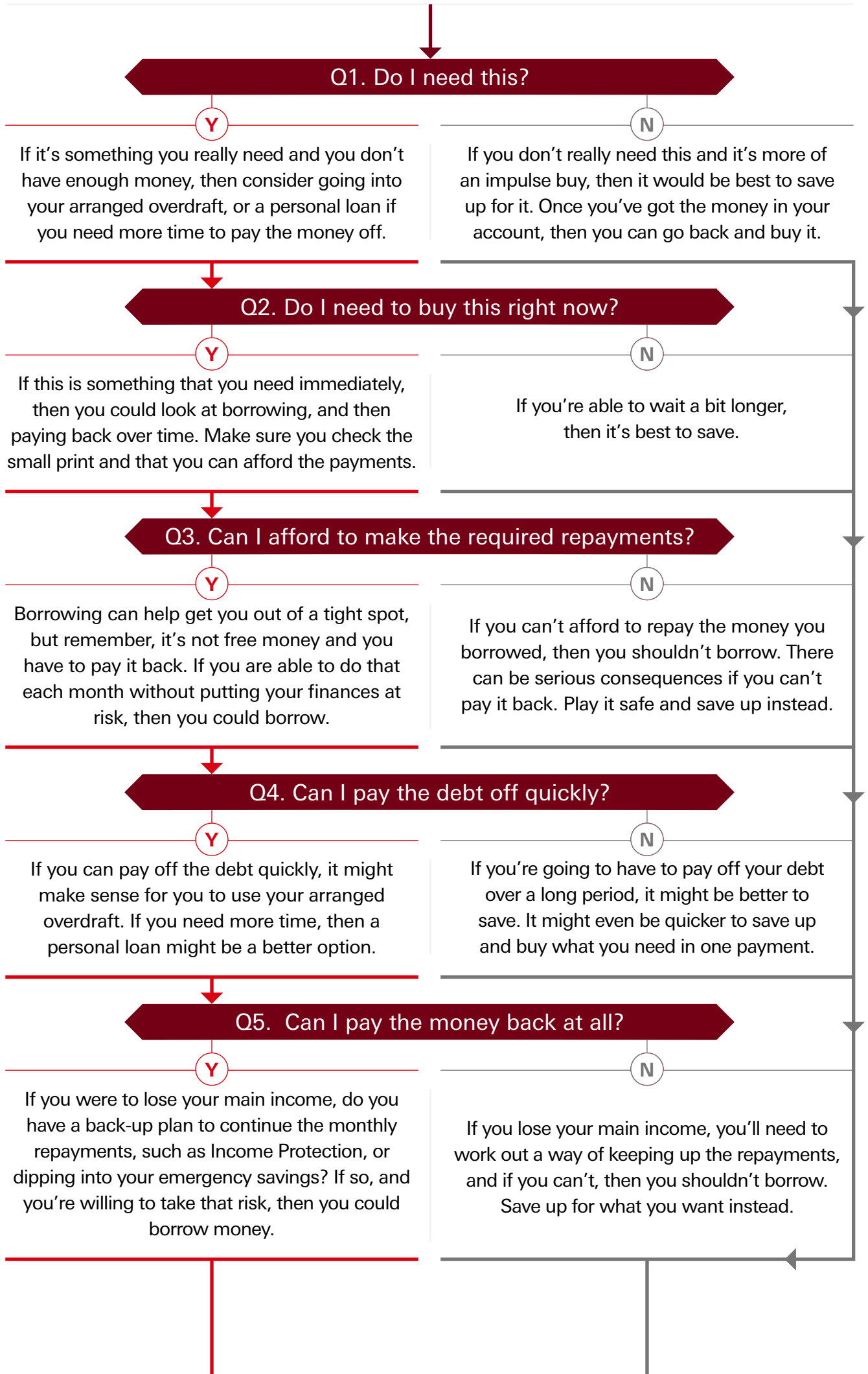
Borrowing money is a big commitment that shouldn't be taken lightly. You should explore other options before you decide. It's crucial to make sure you can pay the money back – otherwise, you could end up facing serious financial and legal trouble.

It takes longer to buy what you want when you're saving for it, but it means you buy the item outright and there are no repayments.

So, which is it to be? If you're thinking of making a big purchase, use the flowchart below to help you decide if it's better to borrow or save.

**LET'S START**







Borrowing could be an option for you to look into. There are many different ways to borrow, so make sure that you find out which one is best for you. Once you've decided on the type of borrowing you want to use, be sure to check the small print to make sure you can afford all of the repayments.



If borrowing isn't the right option for you and, you're looking for a great way to start saving instead, you could try using the **50/30/20** budgeting method. Once you receive your salary, you divide it up so that

- 50% goes towards your **needs** (rent, bills, food, etc.)
- 30% goes to your **wants** (shopping, eating out and hobbies), and
- 20% goes into your **savings**.

Using this could help you stay on track to reach your financial goals and save up for some of the things you have been saving up for.