

Top ways to cut your expenses and increase your savings

Is the key to saving a home deposit as simple as giving up smashed avo toast for breakfast? Well not quite, but spending less does make a difference.

On top of a budget, a savings plan and strategies such as a high-interest savings account, an effective way to save is to reduce or eliminate expenses.

Start by understanding your spend

It can be easy to lose track of how you're spending money, especially due to cashless payments and credit cards.

Many online banking systems include tools to categorise debits and make a budget – take advantage of them. Or download an app that helps you track your personal expenses on the go, like ASIC's TrackMySPEND.

Find savings in the essentials

Some costs can't be avoided – but many everyday expenses can be reduced. For example you could:

- Move in with your parents/relatives, or move into a cheaper rental or share house (short-term discomfort can pay off in the long term).
- Implement tactics like meal planning, making grocery lists and buying in bulk to save money on food. Set aside a budget for eating out/take-away and stick to it.
- Shop around to reduce your regular bills – you may get better value if you switch, or tell current providers you intend to switch. Seek discounts for taking out multiple policies with one insurer.
- Use the car less: take public transport; carpool with colleagues; or try walking or riding. You'll be amazed at how quickly it all adds up to savings.

Make sure you're paying off debts or credit cards completely each month or as much as possible, to avoid the added expense of paying interest.

Reduce common overspending

If you spend excessively on things like buying clothes, going out or expensive hobbies, it may be unrealistic to cut the expense entirely. Set a weekly or monthly limit and reduce that limit over time.

A survey of more than 1000 Australians showed that 73 per cent have a problem with overspending. In particular, people tend to go overboard Christmas rolls around.

To reduce gift expenses, be like Santa: make a list (and a budget). Buy only planned items within your allocated budget – then stop! Ask your family for support; it's easier to put a cap on gift values if everyone else does too.

Another common way Aussies overspend is on holidays. CommBank research has shown that a third of holidaymakers spent more on their trip than planned. Do your research and set a daily budget.

Costs that could be eliminated

Look for opportunities to eliminate costs. Cancel unused services. Update your internet or mobile plans if you're always paying for excess data.

Ask yourself: are you really using that gym membership? Are you getting value from your subscriptions? Remember, every wasted dollar is money you could be spending on your own home.