



A member of  MUFG  
a global financial group

# 1

---

**Knowing how to build your savings:  
A good beginning is half the battle.**

---

**Knowing how to build your savings:  
A good beginning is half the battle.**

**01**

I believe that many of you know, understand, and are very familiar with the word "spending" because it is an everyday-life matter. As for the word "**savings**," it seems everyone knows it but may not want to understand it or sometimes does not even want to mention it. This is because it is against our nature, as humans, who want things to fulfill our need for convenience and our desires. On the contrary, savings involves "**forcing ourselves**" to allot and "**sacrificing**" some income that we have earned. Instead of spending it for happiness today, we will use it to achieve happiness in the future.

Of course, when we have to do something against our nature, we will always feel that we need to bear a "**cost**." However, we expect to get a "**return**" from postponing using the money in our pocket by depositing it in the bank – "**interest**." This aims to compensate for the opportunity cost for spending available money to achieve utmost satisfaction.

Thus, if we "**have a good savings plan**," that is, if we know how much money to save to achieve our goals and satisfaction, and if we know "**how to build savings properly**," this will serve as good capital that will provide longer-term happiness than from spending available money. Many of you may want to know how to build savings to achieve happiness, don't you? So, let's get started!

## Not everybody has money savings, but all of us can save money

For some people, saving money seems to be a difficult thing, and not everyone has savings because of the viewpoint that saving is relevant to people who have more than enough money. This idea results in a reality, and it is in line with the **"Research of the Stock Exchange of Thailand."** This research found that **despite a high ratio of savings to gross domestic product (GDP) of Thailand, representing 31%**, which is similar to that of neighboring countries (South Korea, 32%, Hong Kong, 30%, the Philippines, 27%, Indonesia 32%, Malaysia 33%, and Singapore, 46%), **household savings in Thailand are at a very low rate, which accounts for approximately 8% of the GDP, compared to that of Malaysia, which represents 25% of the GDP.**

**"How can I build my savings?  
I don't even have enough money for everyday spending."**

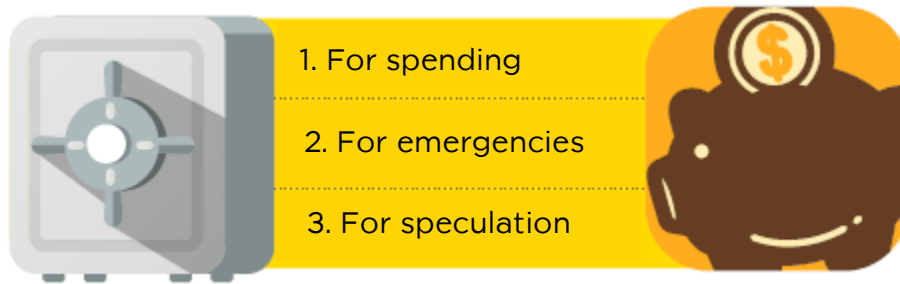


Of course, everyone on this planet has different burdens and responsibilities, and this leads to the question **"How can I build my savings? I don't even have enough money for everyday spending."** Actually, they do not realize that saving does not depend on economic status or economic capital. No matter if we are rich or poor, we can **"build savings."** The failure to build savings does not result from having no money to save, but from always living bigger than the money we have, by spending recklessly and extravagantly and not resisting different forms of temptation. If we just adjust our viewpoints on life and start saving only one baht a day, this will be a starting point that allows us to build more savings. This will identify that we have overcome excuses that are obstacles to saving.

If we can overcome the **"richness-poverty dimensions"** for saving, let's take a look at the approach of **"proper saving"** – allotting some income for **"saving"** and spending the rest. This is opposite of the concept **"spending first and saving the rest."** Thus, investors need to be determined and change the equation in their life, by deducting savings from their salary and spending the rest.

## Objectives of saving

In economics, carrying money has three main objectives:



These objectives are inevitably related to human life, and we're more likely to be familiar with the objectives 1 and 2, which represent two-thirds. In terms of saving and investment, most people do not learn and make use of saving and investment much.

Many of you may wonder why we need to talk about "the objectives of savings." The objectives will provide a clearer picture of saving – we do not build savings only for spending. These objectives will provide a "better understanding about goals" of saving – we have many goals that are more important than spending available money. We use savings to:

1. Build our economic status or our family's economic status.
2. Implement future plans, such as a down payment for a house or future education funds
3. Help us in emergencies, such as sickness or unemployment.
4. Spend when we get old or retire.
5. Help society, as we can.
6. Leave it to be our descendants' legacy.

Of course, when we have clear goals about saving and prioritize them, it seems we have arrived halfway through the process. The other half of it is related to "**good and proper methods or techniques.**"

## **Not everybody has money savings, but all of us can save money**

Now, we reach the topic "the concept and method of good saving." Conceptually, we have to discuss saving money in two dimensions. The first is "save earlier, get richer." That is, at a younger age if we start saving money, the more advantage we will have. The second is "saving more is better than saving less." Over the same saving period and return, individuals building more savings will definitely be richer...but how can we increase our savings?

Maximizing savings involves two relevant key concepts, as follows:

1. Make more money than your expenses.
2. Reduce expenses while maintaining your level of income.

Both principles will lead to "the increased size of savings."



**"Save earlier, get richer."**

When you understand this concept, you will be ready to build savings. You just need to possess "**determination**" and "**discipline.**" There are two interesting types of saving, as follows;

## 1 "Minus-type saving"

This method is not complicated. No matter how much income you earn, you just allocate a portion for saving and spend the rest as your daily expenses. For example, if you receive a monthly salary of 10,000 baht, save 10% of it, which equates 1,000 baht. As for the remaining 9,000 baht, you just allocate it for your expenses.



## 2 "Plus-type saving"

This is another good saving method, but we have not talked much about it. When you spend a certain amount of money, please save some money at a percentage of your spending. For example, if you pay 1,000 baht for your consumption, save 10% of it, which equates to 100 baht. The plus-type saving method is similar to creating "**debt**" ... and having an obligation to "**liquidate**" every month. Won't you be able to "**build savings**" for your future? Instead of letting someone else to your "**creditor,**" you can be your own "creditor."



An important thing to keep in mind is "we must not suffer from building savings." We should not make savings so that we do not consume enough or are in difficulty. We have to make savings and create "physical" and "mental" happiness and fitness for ourselves at the same time. Most importantly, "we need to make savings with firm determination" because savings involves money we will use for ourselves in the future.

# 6 concepts about savings that need emphasis for correct understanding



**Save money**, anyone can do.

**Generate more earning** than your expenses.

**Planning** to reduce fixed costs.

**Save earlier**, get richer.

Don't build savings till our consumption gets troubled: **create adequate happiness.**

**Savings** are money we will use for ourselves in the future.

