DAM Community Hub

How to Start a Savings Habit

According to research, one in ten Brits (9%) have no savings at all, and a third of the population have less than £600 in their savings account*. Sadly, these numbers probably aren't as surprising for some people as you'd imagine. As we battle against rising bills & higher mortgage rates, our ability to save can seem remote. However, the key to making anything work is practice – or in this case, discipline.

We've all been there; a new pair of trainers, a night out with friends – a purchase to give us that dopamine hit when we need it. At DAM, we don't want to deny you nice things – we just want your financial security to take priority, and we have a few ways in which you can achieve financial Valhalla.

Set SMART Goals

Specific, Measurable, Achievable, Relevant and Time-Bound – SMART! This is easy when you have a target in mind. It could be saving for a house, a wedding or as long term as an early retirement. With a goal in mind, being able to see and maintain your progress is the easiest way to remain motivated.

Pay Yourself First

What if you don't have a particular goal? Then just make sure you aren't waiting until the end of the month to prioritise yourself. It's far easier to make regular savings on payday than it is the day before. We often set our direct debits for the first of the month for this very reason – your financial wellbeing should be just as important.

Automate Your Savings

If ill-discipline is your vice, remove the manual aspect of saving and set up a standing order. This removes the temptation, and you'll soon realise that you don't even notice the reduced bank balance. This applies too when making pension contributions. You can increase the amount you save through your payroll, giving you that automated approach and tax relief at the same time.

Consistency Is Key

They say it takes 66 days to make a habit – with finance it could easily be 66 years. If you're not someone who is already in the saving mindset, it will be an adjustment but after a while, it will just become your new normal. This is particularly relevant when you enjoy pay increases or bonuses – if you maintain the savings ethos.

The 50-30-20 Rule

There is a school of thought that you should put 50% of your income to needs, 30% towards wants and 20% towards savings, and it's a useful guide. However, everyone's circumstances are different and to find the best split for you, it's important to do a budget to see how much of your income falls under the 'needs' heading.

Understanding Your Money

We certainly don't expect you to be the Money Saving Expert, but knowing where the money goes, and often why, in your own household is important. Break down your outgoings into essentials, lifestyle, and discretionary spending. Once you know where your money goes, it's far easier to commit to a regular savings plan.

Think Short, Medium and Long

One of the first pieces of advice we could ever give savers is to have a 3 pot strategy. There's no point putting all your money into a pension that you can't touch for 20 years if your roof leaks and you've no money to fix it. Always have some immediate cash available, for exactly these types of emergencies. Somewhere between 3 and 6 months of expenses is a good guide. It's then worthwhile to have an investment account, potentially an ISA, where your money can grow over a 3-5 year spell. Pensions offer the most tax efficient method of saving, but these are long term vehicles.

*Source: Fair4All Finance (2025)

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