

Automated Savings

The following steps can help you make this practice automatic:

1. Set up an automatic payroll deduction.

Thanks to payroll deduction programs, such as credit unions or 401(k) plans, part of your paycheck can go directly into your investment account.

Saving is easy: What you don't see, you won't spend

2. Set up an automatic bank transfer.

Many investment companies will transfer money automatically from your bank account to your investment account according to a schedule that you specify. Such a program can make saving for retirement as natural as paying the mortgage.

3. Invest all salary increases.

Direct half of your next raise into an investment account before it reaches your wallet and you get used to spending the extra income.

4. Invest lump sum payments.

Invest a portion of bonuses and tax refunds; you'll turn the extra money into added savings—not increased spending.