

# Switching Your Savings to Autopilot

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Automation is everywhere, and in recent years, we've seen it become a significant part of our everyday lives. For example, gone are the days when you had to fill an ice cube tray to make ice; any new refrigerator comes with an ice maker. And with finances, credit card balances, utility bills, and student loans can all be paid via automatic payments that are drafted from your bank account every month.

Now, think about the activities you frequently do. If you work out at the gym, chances are it has become part of your routine. Perhaps you don't go every day, but you probably have a schedule and don't just go on a whim. Maybe you would like to start working out but struggle with finding the time. Anyone who has committed to a new habit will tell you that after a few weeks of repetition, it became something they didn't have to think about, and it got progressively easier. Good habits lead to great results. The same system can apply to saving and investing.



## Pay Yourself First

By paying yourself first, either in the form of simple savings or investing, you're eliminating some of the most common excuses many of us struggle with. You may think investing is too complicated. Or, you may not have much time to focus on your finances. You may even forget to save! Automatic saving can help you overcome these excuses. For instance, you can have \$500 sent to your IRA every month automatically, or you can wait until the end of the month, and if you haven't spent the money earmarked for retirement, you can manually send it to your IRA. The beauty of automation is, you won't find yourself in the scenario of "not having enough money to save" because that money will not be available for spending on other things!

Now that you've decided to set up automatic contributions, I'd like to share this tip with you: when given the option of choosing a dollar amount or a percentage to save invest, always select a percentage. As your income or means to save increases, the amount you save should also increase. However, if you have a set dollar amount as your contribution, even if you receive a raise at work, your contribution will remain the same. Using a percentage allows you to save more money, and the best part is, you won't even notice the difference. The additional money you are saving was never in your possession or your bank account; so, to your brain, it's as if the money never existed. That's automation at its finest!

So, before you "take off," turn your saving and investing on autopilot. Before you know it, you'll reach cruising altitude. Sure, you may encounter a little turbulence along the way, but eventually, you will land in a comfortable retirement.

