

How to save systematically and yet be able to pay for that Goa trip

Given millennials' ever-expanding list of spends, is there a way to manage young money systematically, and yet get that perfect Instagram-worthy click? Here's what the experts say

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Don't take loans for lifestyle expenses, says Suresh Sadagopan, Founder of Ladder7 Financial Advisories.
Photo: Mint

You're young and must have that dress. Or that iPhone. You can't miss the Goa trip your friends are taking. Then there's the cool new bistro to check out. Given millennials' ever-expanding list of spends, is there a way to manage young money systematically, and yet get that perfect Instagram-worthy click?

Social image not a function of money: Milind Jadhav, certified life coach



You share stories on social media about how your life is unfolding, because you can. While on one hand you are blessed with the possibilities the internet opens up, you are also living in an era when uncertainty is higher than ever before.

Social media validation is a way to feel in control, to experience stability in life. It also serves your basic need to feel wanted and loved. There is also a heightened need for 'personal branding' as a means to further one's career, especially when bosses and colleagues (past and present) are all connected with you on social media.

Splurging on lifestyle expenses is a sure shot way of grabbing attention and creating a 'story' for social media. Maintaining a social media 'image' is actually a function of creativity and imagination, not a function of money. Like product and service brands in the marketplace, millennials too can create an image for themselves by sharing stories on social media. There is nothing wrong with shopping or partying but often these are just outwardly projections of your lifestyle; this is often done subconsciously to 'mask' the authentic reality of a person's life. A key thing you need to do is to be comfortable with your authentic self. Then the need to pretend to be someone else will evaporate.

Move to SIPs, spend only what is left: Vishal Dhawan, Founder and CEO, Plan Ahead Wealth Advisors



Being accepted as a part of a group has always been a very important psychological need, and with the advent of social media, this inclusion or exclusion from a group can be demonstrated far more easily. Since lifestyle expenses allow you to demonstrate success to your network and create a possible wow factor which can be supported by endorsements on social media, there has been a huge shift in savings and spending habits.

There are two ways to maintain a balance between what truly matters to you as a millennial and the image you wish to portray to the outside world. Firstly, a clear definition of the different meaningful things that money can help you do—say, an overseas education, funding for a business, stepping in monetarily to support ageing parents—and how you are trading off these items that possibly truly matter to you by overspending on lifestyle expenses. Secondly, by moving a significant portion of income received through salary into SIPs or bank recurring deposits, so that you spend only what is left over. Avoiding easily available credit is also very useful to avoid a debt trap.

Maintain a budget to save more: Ashlesha Swaminathan, Adjunct faculty, Symbiosis School of Economics



When you see your friends post photographs wearing high-end brands or dining at upscale bars and restaurants, you feel the need to replicate this behaviour to be able to belong to a group and not be left out. To most millennials, loss of peers holds more negative value than loss of money and they don't mind spending to maintain this status to make more friends. The benefit of maintaining one's status among peers is perceived to be more important than its monetary cost. You can avoid overspending by changing your decision frame. If you broaden the time frame for financial decisions to include future expenses, you'd realise that you need to save from your current income to fund future expenses. The best way to stick to the saving plan is to set future financial goals. Assign a name for each goal and a target amount to be saved. Next, have a budget for expenses so that you have some savings each month. Once activities such as shopping and dining out are on a budget, you tend to keep a track of how much you are spending. When you exceed it, you would regret it and are less likely to repeat it.

**Don't take loans for lifestyle expenses: Suresh Sadagopan,
Founder, Ladder7 Financial Advisories**



Millennials are exposed to all the good things in life and expect a certain standard of living. Easy availability of information over the internet also ensures that they know about the lives of other people across the world, which builds aspirations. Choices have expanded and availability has increased manifold. Living the good life has become important and millennials don't mind spending a decent sum of money on things they consider are a part of that lifestyle. Holidays, costly white goods, well-appointed homes, fine dining, high-end electronic goods, branded goods, etc. are now a part of everyday life.

It is important to be aware of your responsibilities and goals. You have an income from which you need to meet out the expenses, which includes lifestyle expenses and discretionary spending. The important goals have to be planned for; else in the quest to live up, you will end up compromising on the important goals in life. The right approach would be to set aside money for expenses, investments for important goals and then allocate a portion towards lifestyle expenses. If this is done, you can enjoy today without jeopardising your future. You need to be careful while using leverage—loans, credit cards etc. and be done within manageable limits.

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