

How to Save Money While Living Paycheck To Paycheck

Knowing how to save money while living paycheck to paycheck is the only way to prevent financial distress later on. When your funds are limited, it is important to attempt to make a backup plan. Even if you feel you only have two pennies to rub together at the end of your pay period, those pennies can be invested back into your savings account and grow your interest.

The following are some ways to save money while living paycheck to paycheck:

***Have savings auto-drafted by your bank when your paycheck is direct deposited. Even if you only have \$5 to \$10 a week put into your savings account, this little fast transaction can add up to create a nice start to savings accounts. When you don't see the money, it is easier to not miss. A \$5 weekly savings can quickly add up to \$260 per year. If both you and your spouse have this done with your pay checks, you will have \$520 at the end of the year in savings. This may not seem like much, but it can be a car repair, a mortgage payment, insurance, or event used for holiday gifts.**

***Get an interest bearing savings account. No only do you want to set yourself up for auto-drafted savings, but you need to make sure you are putting that money not in a checking account, but in an interest bearing savings account. Shop around to local banks to find the best rate. Some offer interest each month. Others add the interest at the end of the year for you. You can earn \$20 to \$50 a year on just a small savings account of under \$500 with a basic interest bearing account. Again, this may not seem like much, but it is totally free money.**

***Adjust the thermostat. Do you struggle with utility bills being a hassle during super-hot or super cold months? There are tons of tips on how to save on utility costs, but one of the first things to do is adjust your thermostat. Use fans and wear fewer layers in the summer and keep your thermostat a bit higher. In the winter, work with alternate heat sources like wood heat, and pile on the layers. When you are scrimping money to make ends meet, this is a great place to shave \$25 to \$100 off your budget each month year round. Alternately, you may want to choose leveled billing to keep a consistent utility bill every month so there are no surprises.**

***Cook from scratch. Cooking at home is the ultimate of savings. Not only can you avoid chemicals and preservatives in your food, you'll be able to budget your grocery purchases wisely, use leftovers more regularly, and stretch your dollars further. This includes removing meals out from your diet so you aren't spending unnecessarily. This also includes snacks.**

***Downsize and purge items you don't need. From last year's kids clothes that are in good shape but don't fit, to the excess of kitchen items you no longer need or use, purging is a great way to create money to add to savings. Sell off items you don't need to create an excess in your daily budget, or to simply boost your budget.**

These tips for how to save money while living paycheck to paycheck can apply to any family and any budgetary needs.