5 Good Money Habits to Boost Your Retirement Savings

Think back to your most recent savings goal. How long did you have to save in order to reach it? Was it a concert ticket or some new shoes that took a few weeks of budgeting? Was it a big-ticket item like a new computer or a summer vacation that took a year or two of planning in advance? Perhaps you're currently saving for an even more ambitious goal: a car, a wedding, a down payment on a home? Although savings goals vary from person to person and range in size and scope, it's likely that your longest-term savings goal will be your retirement.

Saving for retirement poses some unique challenges: How are you supposed to prioritize retirement savings against the long list of more immediate goals? How are you supposed to find the motivation to prepare for something that's decades away? How can you quantify the amount you will need to save when you have no idea what your future will look like?

The good news is that you can boost your retirement savings by practising the same good money habits that apply to smaller savings goals. Read on to find out which money skills will also level up your retirement savings plan.

1. Eliminate roadblocks. No matter what combination of financial goals you have in the works, this is the top priority. Think of it as creating the right environment for your savings to grow. Savings thrive when they have long stretches of uninterrupted time in which to accumulate and compound, so it's in your best interest to eliminate any obstacles that threaten those ideal saving conditions. Focus on paying off any high-interest debt—you know, the kind that sucks up money that could otherwise be going toward your goals (credit card debt is an example). Revisit the terms of any loans you're paying off and do a little research on potential consolidation or refinancing options—you might find a way to pay down your debt more efficiently and free up some extra funds for your savings goals at the same time. Eliminating roadblocks also means having a healthy emergency fund in place, so that your savings progress doesn't get wiped out by an unexpected job loss (a good starting point is three months' worth of expenses).

2. Automate savings. So your emergency fund is set up and your debt-management plan is in place—now is a great time to see if there are ways to automate your savings at work and at home. Can your employer automatically deduct your retirement contributions from your paycheque? Can you set up your online banking system to regularly transfer a certain amount to your savings account? Look for ways to make the act of saving easier, more consistent and less time-consuming.

3. Picture your goals. One of the reasons it's hard to get motivated about saving for retirement is that it's an abstract concept—especially when pitted against more self-explanatory savings goals like "new car" or "tropical getaway". Take 10 minutes to ask yourself a few basic questions and to design your ideal retirement: do you see yourself relaxing at the beach, or enjoying a beautiful home and watching your family grow, or pursuing a passion or hobby you couldn't make time for in your working years? Does your ideal retirement mean indulging yourself, or would you prefer to downsize and keep things simple? Would you want to continue working (part time or in some capacity) throughout your retirement? Do you picture moving into a new space? A new city? A new country? Fleshing out the details of an otherwise ambiguous savings goal allows you to ground the goal in reality and to get excited about it—and it's easier to contribute to a savings goal you're actually excited about.

4. Practice living with less. Increasing contributions to your savings goals (usually) means decreasing your monthly spending. This doesn't necessarily mean adopting a super-frugal lifestyle; however, if that's what you want to do to get to your goal sooner, go for it! Create some monthly challenges (like a month of packed lunches, or a month of free things to do) to see the impact of spending a little less. Put the money you would have otherwise spent towards your savings goals. If you live with a partner, challenge yourselves to live off of one income, and put the other toward savings. You will soon discover that spending a little less here and there does not require a complete lifestyle overhaul. Understanding the give-and-take of budgeting is a powerful skill, and it's easier to cut spending when you can put it in the context of achieving a goal. Cancelling a cable package "just because" is not an enticing idea—but what if you knew that cancelling that cable package and investing the money saved would allow you to retire four years sooner? Having the right motivation can make it easier to save.

5. Increase savings along with income. This tip is an extension of living with less. Try to maintain your current lifestyle and expenses even as your salary rises over time. As your income increases, increase the amount you contribute to your savings goals. It's very easy to slip into a slightly larger lifestyle after a raise. It's equally easy to treat unexpected income as "extra money", whether it's a bonus at work or $20 in a birthday card from Grandma. There's nothing wrong with rewarding yourself from time to time, but limiting your living expenses—even in times where you don't have to—will free up more resources for your long-term savings goals. More importantly, you'll be better prepared should your income levels take a hit. Allow your savings to scale up with your income, but don't let your expenses scale up along with them!

The good money habits outlined above will create a routine that motivates you to find a few more dollars to put toward retirement. Even little changes can make a huge impact on a long-term savings goal that has decades to compound and grow. Because time is on your side, there is a lot of value in prioritizing contributions (even small ones) to your savings goals now. Choose a couple of tips to put into practice this month, and notice the impact it has on your budget—and on your financial peace of mind.