

# Wanna save? Keep it simple

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If one savings goal is a good thing, two or more should be great, right?

Not really. Those who want to save are more apt to keep socking money away and more of it too, if they have just one goal in mind, shows work done in multiple countries by two researchers at the University of Toronto's Rotman School of Management.

"If you have only one goal it puts you in a more action-oriented [mindset](#) and helps you save more," says Min Zhao, an assistant professor of marketing who co-authored the study with marketing professor Dilip Soman. "Too much thinking about which goal is more important keeps people from acting."

The study looked at a range of different research subjects, including modest [households](#) in rural India, middle-income Canadian dads, and working professionals living in Hong Kong.

Results consistently showed that a single savings goal worked better than multiple goals. Individual studies also found single goals worked particularly well when it was harder to save. Having multiple goals resulted in people thinking about trade-offs between goals, rather than focusing on implementing their savings plan.

The findings suggest that financial or savings advisors may want to take a different tack with their clients. Banks sometimes advertise a list of reasons to save, but such a message could "backfire" says the study, because that introduces multiple goals, leading to eventual failure in

clients' [savings](#) plans.

"The most common mistake is to emphasize numerous reasons to save," says Prof. Zhao. "They should revise their approach."

Of course most of us have more than one thing we need to save for, such as [retirement](#), a child's education and funds for a rainy day. In that case, Prof. Zhao suggests finding a way to integrate seemingly competing goals into a single more abstract goal, such as achieving financial independence or [flexibility](#).

**More information:** [www.rotman.utoronto.ca/facbios/file/saving%20and%20number%20of%20goals%20final%20march%202011.pdf](http://www.rotman.utoronto.ca/facbios/file/saving%20and%20number%20of%20goals%20final%20march%202011.pdf)

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