



Move Away From a Single Savings Account

When you save money in a single account called “savings,” like a majority of people do, you’re setting yourself up for ongoing MONEY FRUSTRATION. Here’s why:

How many times have you looked at your “savings account”, saw a decent cushion of cash and then felt that you had enough money for whatever spending whim came your way? Or, when a sudden or unexpected expense comes up, (i.e. car repair, broken smartphone, speeding ticket) you have to use your savings to pay for it. You are then required to earn more money to rebuild that account and the cycle of spending from your savings continues. Financial frustration and feeling out of control exacerbates this cycle. It happens to all of us who have a single savings account with no purpose.

Furthermore, when you have one savings account, you don’t become attached to your money. In other words, you don’t have a job for each dollar of monthly income. Thus, the money in your savings account has no name. Your money needs to be told what to do every month. Period.

CREATE YOUR NAMED SAVINGS ACCOUNTS

As you begin to think differently about money, take a step to create an automatic savings habit by having money automatically transferred from your checking account to your named savings accounts each month. Think of these accounts as digital envelopes because essentially you’re organizing your cash into categories to use for upcoming needs and wants. Some people may also decide to use the physical envelope system to put cash into various expense categories each month.

EXAMPLES OF NAMED SAVINGS ACCOUNTS

Emergency fund
Car expense fund
Entertainment fund
Wardrobe fund
New bike fund

Home maintenance fund
Charitable giving fund
House down payment fund
Technology fund
Sporting events fund

Christmas/gifts fund
New car fund
Education fund
Travel fund
Concerts fund

Write down the named savings accounts that you want to have immediately and over time:

1. _____
2. _____
3. _____
4. _____
5. _____
6. _____

And so on...

TAKE ACTION

- ▶ Visit your credit union or go online to set up your first named savings account.
- ▶ Establish the day of the month (such as the 15th or 25th) that you want to have money automatically transferred from your checking to your named savings account.
- ▶ Set up your second and third named savings account along with automatic transfer for these accounts within a week.
- ▶ Set up your fourth, fifth or more named account going forward.