

It's More Than Simply "Savings"

One problem with our approach to savings is that we use just one word for it: savings. And then we have just one place for it, the savings account at our bank. Yes, the one tied to overdraft protection. The one that's easy to get to when we see a new outfit we want to buy, or go out to dinner at a fancy restaurant, or make some other whimsical decision. And then we get frustrated because we "aren't any good at saving."

The truth is, many of us don't have the right system set up for saving. There are many types of savings and each one has a different purpose, a different set of rules for funding and using it, different places they should be kept and different implications when it comes to income tax advantages.

Imagine if you were a major corporation, you'd have written policies that defined how much you should have set aside, what for, how you funded each of those accounts and where the accounts should be kept. When you start treating your own financial security like a corporation, you have provided yourself peace of mind, flexibility, and security.

