

Four kinds of savings

It's easy to find reasons to save money, but it's not always easy to get started. We can help! Keep reading...

Savings. I'm terrible at saving.

You know that feeling you get when it's payday (yay!) and you see all that money in your name? Imagine getting that feeling each day from looking at your savings account! We're talking about keeping money in the bank, so you can put your hands on it just when you need it. Here are four helpful kinds of savings.

The Emergency Fund

This is your "Do Not Touch" fund. It's the first kind of savings you want to establish. It's kind of like a [fire extinguisher](#). Something unexpected pops up and costs you money. You use your [emergency fund](#) to take care of it. What kind of stuff are we talking about? Job loss. Medical emergency. Home repair. Car repair. Anything else is off limits. And, sorry, that cool, amazing sale is not really an emergency.

No emergency fund + credit card = debt. This is what an emergency fund is designed to prevent. You can use this calculator [to see how much to save for an emergency fund](#).

The "I can touch" fund

This is for things you know are going to happen, but just not every month. Gifts, travel, beauty or hair appointments, for example. Figure out what's coming up and put some money away to pay for them. Then when they do come up, you don't have to bust your monthly budget to pay for them. The money is already there, waiting. You can put your money in a savings account, or even envelopes. Whatever is easiest for you. Just make sure not to combine your "I can touch" fund with your "emergency fund" because that's the "do not touch" money.

"I know what I want, I just need to pay for it" fund

This kind of savings is for a specific goal or purchase. Things like a car, travel or a wedding. These are not really part of your living expenses. They are something you

would like to have. So this savings is designed to help you get them. Save now for a specific future purchase later. Just estimate how much your purchases will cost, then put away a little bit of money over time until you reach your goal.

Long-term savings

When you're saving for things like a down payment or retirement, you'll want to think about saving in a different way. For longer-time frames, you might consider investing your money rather than putting it in a traditional savings account.

Well, you've done it. You're well on your way to a strong financial foundation. (If you started here, be sure to check out the other topics: [goal-setting](#), [budgeting](#), [credit](#) and [debt](#).) Now it's all about the journey. Your journey. And remember this process is just about taking things step-by-step. And before you know it, you're a lot closer to where you want to be.