

4 Steps To Building Your Savings

Opening a savings account is one of the most important steps you take on the path to getting your financial future in order. Yet, while building your savings seems simple, unchecked spending and the twists and turns of life can get in the way.

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When it comes to saving, a well-designed strategy can help you stay on track. Start building your savings today with this four-step system:

1. Develop savings goals

Any long-term project that has a hope of success must start out with clearly identified goals. Of course, deciding how much you need to save is at the top of the list. To do this, you need to define what you're saving for and whether it's a short-term goal (i.e. vacation, new car, or holiday gifts) or a long-term goal (college fund, retirement, or new house) since your savings strategy will be different for each.

Moreover, set specific savings goals. It doesn't matter if you're saving for something small or large, you need to specifically define what you want—and that includes defining how much you need and when you'll need it. Setting specific goals makes them more tangible and increases the likelihood of sticking to your savings strategy.

2. Choose a budgeting strategy

After clearly identifying your savings goals, it's time to decide how you're going to budget. There are countless ways to go about it; however, the important thing is to choose the strategy that's most likely to work for you based on your habits and lifestyle.

The 50/20/30 rule is a common method used by people worried about losing their freedom and ability to splurge while budgeting. With this strategy, you divide your spending into three segments with preset spending allotments:

- 50 percent to essential expenses
- 20 percent to your savings
- 30 percent to personal spending

If you need to resolve outstanding debt first, the debt avalanche method (paying debts with the highest interest rates first) or the debt snowball method (paying debts with the smallest balances first) should suit your needs.

Whichever budgeting strategy you choose, make sure you stick to it. If you're unsure about the best method for you, speak with your financial institution or a trusted financial guide.

3. Automate finances

Using technology to help with your finances protects your most valuable

commodity: your time. While you're probably past the point of paying bills with a check in the mail, the latest online applications help automate saving, investing, and budgeting:

- **Online bill pay software** helps you avoid late payment fees with direct transfers to utility companies, credit card companies, and even landlords.
- **Digit** utilizes a proprietary algorithm to put money into your savings account based on your income and spending habits.
- **Acorns** offers an easy, automated way to start investing by rounding up purchases with your connected cards and investing the change into your chosen portfolio.
- **Mint** lets you see your accounts, cards, bills, and investments all in one place to easily budget your finances.

It's common to feel overwhelmed when building (and sticking to) a budget. Technology can make it quicker and easier for you to pursue your savings goals.

4. Establish a budget-conscious lifestyle

It's difficult to change your lifestyle, but the simple fact is that to save money, you need to spend less. You don't necessarily need to revisit the austerity of your college days, but you do need to be smart and strategic:

- **Cut your food budget.** Use coupons at the grocery store and prepare home-cooked meals more often.
- **Save money around the house.** Reduce your heating and cooling costs with a programmable thermostat and shop around for utility companies to find the best rates.
- **Cut back on entertainment expenses.** Look for no-cost evening and weekend activities in your area.

As the saying goes, it takes 21 days of doing something to make it a habit. Once being conscious of your budget becomes routine, you'll have more money to put toward your savings than you thought.

Save for a Better Tomorrow

While a plan for building your savings should be tailored to meet your needs, these four steps to building your savings can help put you on the right path. To learn more about how PlainsCapital Bank can help you build your nest egg, call us at 866.762.8392 or visit your local bank branch today.