

Why It's Important To Have A Savings Account

Opening a savings account is one of the most important steps you can take toward becoming financially independent and achieving your dreams. While checking accounts are essential for daily money management, like paying bills or using a debit card, savings accounts can help keep your money safe while preparing for the future.

*Mo Nammari, AVP,
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Saving accounts are ideal for an individual interested in saving money without the pressure of locking their funds away for long periods of time. Haven't opened one yet? Consider the following reasons why having a savings account is important to your financial future:

Unexpected expenses

Putting money away into a savings account on a regular basis is a great way to create a safety net for your finances. In the event of an emergency or if unexpected expenses arise, you don't want to rely on a credit card to do the heavy lifting. Having a savings account softens the blow when you're forced to spend in a pinch.

Security

Savings accounts are a safe place to hold your money. Did you know the Federal Deposit Insurance Corporation insures up to a maximum of \$250,000 of the funds depositors place in banks and that no one has ever lost money on FDIC-insured deposits? As you set aside money in your savings account, you can rest assured knowing any funds you deposit will remain safe and secure.

Easy accessibility

While savings accounts are a great resource for putting money aside, the funds in your account are also very accessible. You have the freedom to make unlimited withdrawals from the account through a teller or ATM. Making transfers by check, debit card, or online typically results in a fee if in excess of the limit set by your financial institution. While there are more limitations on a savings account than a checking account, it may be a blessing in disguise as they are designed to provide a long-term savings strategy for your finances. However, there's no stress to access your funds when you're ready to withdraw.

Investment opportunities

Since savings accounts are insured up to \$250,000 through the FDIC, this type of account makes for a very low-risk investment. You can earn a small amount of interest on the money in your savings account with the freedom to withdraw your funds without a penalty. Savings accounts are perfect for short-term investments and a great place to set aside money for future use.

Freedom from credit card use

Any avenue that prevents heavy credit card use is worth looking into. Maxing out credit cards to purchase high-ticket items will only drive your credit score down and create a debilitating sense of debt. The “buy-now, pay-off-later” mindset will not get you very far. Having a savings account dedicated to growing your finances over time will allow you to avoid credit card spending, as you’ll have a savings safety net to tap into when your next big expenditure comes along.

Money saved for major life events

When the time comes for big life events, such as buying a car or a home, having a nice chunk of change in savings will be well worth it, especially if you don’t have the resources for the purchase immediately available. Deposit a fixed amount of money into your savings account each month with a specific goal in mind such as the purchase of a big-ticket item. Instead of buying it with credit, you’ll have the exact amount needed to cover the expense and avoid unwanted debit.

Be dedicated to allocating money to your savings and your finances will reap the benefits. If you have any questions about [opening a savings account](#), reach out to a PlainsCapital representative at 866.762.8392 to help you get the process started.