How to Establish Your Unplanned Events Fund

Establishing an unplanned events fund is one of the most critical components towards achieving financial strength. Rather than focusing on the amount you put away, you will want to focus more on getting in the habit of actually putting money away first. Whether you can deposit five-dollars a week or five-hundred dollars a month, the important part is that you begin making this part of your routine.

Since you are living on a budget and you might not have an abundance of extra cash lying around, try to focus on making a deposit a required function, like paying your utility and insurance bills. Once you discipline yourself enough, depositing the funds will become natural over time. To assist with getting in the habit, money market accounts, like ING Direct, allow you to direct deposit a portion of your paycheck directly into your account. For example, if you have direct deposit set-up with your employer, you can ask them to modify your bank accounts. You can specify to have either a percentage of your paycheck or a dollar amount go into your normal checking account, and the rest can go into your money-market account.

After you have set-up your unplanned events fund, you must avoid dipping into it for non-emergencies. This can be the most difficult part. What defines an emergency? This is going to be different for everyone; however, common examples include leaky pipes, a broken car, or unplanned medical situations. Limiting access to all of your funds can also be helpful to avoid temptations. If you want to buy something and it's going to take three days for the money to be transferred from your savings, you may decide the work to get it is not really worth it in the end.

Establishing a savings account to take care of unplanned events takes discipline and commitment, but it will become easier over time. Having extra funds stashed away for emergencies will bring you peace of mind and you will be that much closer to achieving financial strength.