



Even for someone with a well-planned financial budget, unexpected expenses can create stress and concern. Emergency savings can help to alleviate some of the stress. Funds in the savings account should be easily accessible but not available for regular monthly expenses. You want to be able to readily transfer funds to the account to build the savings and to withdraw the funds to pay for the emergency expense.

Following is a list of financial products that can be utilized for savings.

Traditional bank savings account

This type of account can be accessed at a brick and mortar bank, usually has few restrictions and tends to not require a minimum balance. Some banks may require a checking account to have a savings account. Deposits and withdrawals can be made face-to-face or online by transferring funds from a linked account, usually the checking account. Funds deposited in a bank are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Reloadable pre-paid card

Pre-paid cards work like a credit card except that the funds are deposited/loaded onto the card so there is a limit to the amount that can be used based on the balance. You can schedule automatic reloads so you can work to build up the savings. Funds are protected by the FDIC. A pre-paid card is a good option for an emergency savings account if the card doesn't get used for other expenses.

The disadvantages of pre-paid cards are the fees associated with the account. Carefully review the information provided about the pre-paid card to learn about the fees. The fees could undermine your ability to save.

Online savings account

This type of account is similar to a traditional bank savings account but operates online only. Only use online savings accounts from FDIC-insured banks. An advantage of an online account is accessibility. You can access your account at any place with an internet connection. A disadvantage is the cost of transaction fees if you don't use a bank-owned ATM. Carefully review the features of the account to learn about which banks will charge fees.

Online savings account designated specifically for emergency savings will keep these funds safe and separate from your regular spending account. As with the pre-paid card, keep the personal identification number (PIN) and card associated with this account safe and secure.

Consider your financial situation to determine which type of account is best for you. Read all the information you are provided about the account to learn about fees, minimum balances and transaction limits. Having emergency funds available for unexpected expenses can give you a feeling of control in a situation in which you may have little control. Set a goal for the balance you want to work toward for your emergency savings. Also, be diligent about using the funds for an expense that needs to be taken care of immediately.