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While some investments like 401ks and IRAs can be extremely advantageous in the long run, every person should have a savings account. They're a dependable way to build wealth and can be incredibly useful when you need to make a major purchase or pay for hospital visits, home repairs and other unexpected bills.

In order to effectively build your savings account's balance, it's important to know how your account works and how you can quickly add enough funds to see significant returns.

Understanding Your APY

Banks offer savings accounts with varying annual percentage yields or APYs. The APY is important, as it's the amount of money that you'll earn from having your savings account in one year.

To find out how a large APY would affect your savings account balance, try plugging a few numbers into an online savings account calculator. Many banks have these easy-to-use tools on their websites. By entering in your starting investment and the amount of time that you'll leave your money in your account, you'll be able to see how different APYs will affect your savings. You'll quickly see how a minor difference in APYs can significantly affect your long term growth. A difference of .15% APY can mean thousands of dollars if you're making regularly monthly deposits.

Using an Online Bank for Your Savings

After you've done a few calculations, you should look for the best APY that you can find. While your local bank might offer a great rate on its savings accounts, it's worth checking the rates of online banks to make sure that you're getting the best deal.

Online banks are insured by the FDIC, so they're just as reliable as physical banks. They often provide better rates than physical banks, although you'll still have to research online savings rates to be sure that you're setting up a good investment.

Another advantage of an online savings account is that it's easy to check your account balance. You can still make withdrawals and deposits easily, and as many online banks also offer checking accounts, you may be able to handle all of your banking through one easy-to-use web portal.

Planning For Regular Savings Account Deposits

Once you've found an appropriate online savings account, you should try to set up regular deposits, as this is the fastest, simplest way to grow your account's balance. Try to plan on a deposit of 10% of every paycheck or as much as you can afford, since the more money you have in your account, the faster you'll see the benefits of a high interest rate.

Many banks allow you to set up automatic transfers between checking and savings accounts. This can be a great way to manage your savings, as automatic deductions from your checking to your savings will quickly yield significant results. Once again, online savings accounts are beneficial when planning automatic deductions, as you can easily cancel a deduction when necessary or transfer money back over to your checking account when you need it.

As with all investments, building your savings account will require good budgeting skills. Many

banks have resources that can help you to budget properly including online bill payment systems and charts that show your spending habits.

Ultimately, the most important parts of building your savings account's balance will be finding a reliable bank and budgeting for regular deposits from each paycheck. If you can set up a good deposit system and stick to it, you'll quickly see your savings account grow into a formidable financial resource that will help you plan major purchases and unexpected expenses for years to come.

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