Why You Should Take the Time to Compare Savings Account Rates

by Jess Hall

Article published on November 25th 2011 | Finance

A savings account is one of the safest ways to plan for the future, as it allows you to earn interest on your money while still giving you the option of convenient withdrawals. However, savings accounts can vary greatly from one bank to the next. Taking the time to compare savings accounts can lead to a big difference in your account statements two or three years down the line.Â

A Quick Guide To APYs

The first thing to consider when choosing a bank is interest rates and what they mean for your long-term earnings. Savings account interest rates are usually listed by banks as any APY, which means annual percentage yield. You'll often see APY listed on a variety of different investment accounts, including money market accounts, savings accounts and even on some checking accounts.

The APY is the percentage of money that you'll earn on your investment over the course of a standard year. It takes compound interest into account, so it's an accurate figure to use to find out how much you'll earn on your savings.

The banks with the highest APYs usually compound their interest more frequently, which means that you earn more money from your earnings. A high APY makes it much easier to save and to build up your account balance, so it's one of the most important numbers to consider when looking for a savings account.Â

Figuring out How Much You Can Save

Before comparing banks, it helps to know how a minor difference in your APY can make a big difference in your account balance after a few years. Try using a savings account calculator to see how much you'd save with a few different APYs.

You'll find that a difference as small as .15% can be significant, especially if you're investing on a regular basis. As such, you'll want to compare as many banks as possible before setting up your new account.

How To Compare Savings Accounts

One of the easiest ways to find a great savings account is to look online. Online banks often provide much better APYs than physical banks and are more likely to offer special high-interest savings accounts. These accounts may have withdrawal limits, but they can provide an enormous return on your investment.

However, you should judge your bank by more than just its APY. It's important to consider all of a bank's features, including whether or not it offers online banking, debit cards and other means of managing and withdrawing your money. You should also make sure that savings accounts are FDIC-insured, as this guarantees that if your bank fails, you'll still be able to withdraw your money.Â

Most online banking institutions are insured by the FDIC, but many have limited online account management features. Try to choose a bank that will make it easy to access your money. If you're looking for other features such as automatic deposits or if you're interested in setting up a checking account along with your savings account, it's a good idea to investigate how the bank's other services work before deciding to open an account.

By taking a few minutes to compare savings accounts, you can ensure that you're getting the highest possible APY and reliable account management features that will make it easier to grow your balance.Â

Once you've opened your account, be sure to make regular deposits and try not to withdraw money, as this will allow compound interest to work in your favor. A savings account can be a powerful tool for financial planning, especially when you research your decision before opening an account.

Article Source:
http://www.articleside.com/finance-articles/why-you-should-take-the-time-to-compare-savings-account-rates.htm - Article Side

Jess Hall - About Author:

Jess Hall is a personal finance writer located out of Jersey City. She likes to share with others how she manages to achieve a financially fit lifestyle. Her latest articles discuss tips if you want to a compare different savings accounts online. Other articles that she likes to read include a https://www.aurorabankfsb.com/articles/banking-articles/key-attributes-look-when-you-compare-savings-accounts

Article Keywords:
compare

You can find more free articles on Article Side. Sign up today and share your knowledge to the community! It is completely FREE!