

Set-it-and-forget-it savings tools to quit living paycheck to paycheck

Jeanne Lee, NerdWallet

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The simplest financial tools might be just what you need to lift yourself out of living paycheck to paycheck — no willpower required.

Almost half (46%) of Americans say they are too strapped to come up with an [extra \\$400 in an emergency](#), a gloomy statistic revealed by a recent Federal Reserve study. Building up your financial buffer may seem impossible, but it really doesn't require a Powerball win or a second job.

In fact, saving money can be purely passive. Find a few minutes to deploy one or more set-it-and-forget-it methods, like a smarter direct-deposit setup or an automatic transfer. "Once it's set up, positive inertia takes hold, and you're on your way," says Ed Vargo, founder and private wealth manager at Burning River Advisory Group in Westlake, Ohio.

Split your direct deposit

You may already be using direct deposit, but up your game by asking your employer to divide your paycheck between a checking and a savings account. It's called a "split" direct deposit.

"This can be a very successful way to pay yourself first and put that money away before you even see it," says Cynthia Boman Thompson, a certified financial planner at Cinder Finance in Portland, Ore.

Start with sending an amount that's comfortable — even if it's as little as \$25 — into a savings account and the rest into a checking account. Or allocate a percentage of your paycheck, like 5% or 10%.

Over time, you'll get used to living on what's in your checking account, while the money that's out of sight won't tempt you as much, Thompson says. Then, gradually increase the amount you save.

Set up a repeating transfer

If you use online banking, it's pretty easy to set up free monthly transfers. If you've underused this basic tool, embrace it — it can take you far. Vargo recommends setting up the recurring transfer to go into a [high-yield online savings account](#). "Virtual banks,

meaning no bricks and mortar, typically pay a higher rate of interest than your local bank,” he says. Some online savings accounts yield 1% and up, far higher than the national [average for all savings accounts of 0.06%](#), according to the Federal Deposit Insurance Corp.

Branchless banks may have another benefit: eliminating impulse buys. Moving the money into a checking account at your local bank can take a day or two, during which time you might just decide against the purchase.

Open an online account for each goal

You can multiply the effects of this steady, tortoise-like saving. Many banks let you create separate online accounts for different financial goals, each with recurring transfers. When you review your balances for “Vera Wang wedding dress” or “emergency use only,” you’ll understand instantly what job you’ve assigned to that money.

“I recommend clients establish several small online savings accounts with nicknames on them and automatically save toward these goals. The beautiful thing about this is that it dials down the anxiety that comes with managing your money,” says Timothy Watters, principal at Watters Financial Services in Paramus, N.J.

Save your change

Several banks and financial services firms have [online tools and mobile apps](#) that let you save money through a high-tech version of the old change jar. Instead of emptying your pockets of quarters and nickels each night, you enroll online or through a smartphone app in programs that round up your debit card purchases to the nearest dollar. That amount is set aside automatically in a savings account. You likely won’t miss the small change here and there, and meanwhile your saving account grows without you lifting a finger.

Got a raise? Direct half to your 401(k)

When your boss tells you your paycheck is getting a boost, seize the chance to do the smart thing. Immediately divert at least half of the increase to your 401(k) plan by increasing your contributions. One caveat: If you have significant debt, consider using your raise to pay that down first.

“You were living off of your salary before the raise, so 50% of the raise is still allowing you to buy more. It works every time and is a totally painless way to save,” says **Linda Lubitz Boone, president of the Lubitz Financial Group in Miami.**

With a little technological assistance, you can put aside a little money here and there with no effort, aside from the initial setup. Once that's done, you'll enjoy a ride on autopilot toward a more financially healthy future.