Bucket your money.

Save with a purpose.

Before the introduction of online banking, people used jars or envelopes to divide their cash into different spending categories.

These methods of "bucketing" monthly income are one way to keep track of your hard-earned cash and to control your spending. When the "food" bucket runs dry, you eat spuds until the next payday. If there is food money remaining at the end of the month, you could treat yourself to a nice restaurant — guilt free.

Most of us need "money buckets" to help control our financial lives. Without them, it's difficult to successfully set and achieve savings goals for any purpose.

If, say, you expect to pay $300 for a season ski pass, you could deposit or transfer $25 each month into an account you've named "Ski pass." A year later, the money you need for the ski pass is ready for you with almost no effort.

For larger items, such as a $4,000 Disneyland vacation, you could set aside $200 a month. In 20 months, your vacation would be fully funded.

"Many people have never heard of bucketing your money," says Sherry Wallis, community development officer for STCU. "But once you understand the concept of money buckets, it can dramatically change things for you in a very positive way."

Getting started.

The easiest way to "bucket" your money is to set up automatic transfers at your bank or credit union. There are several reasons this works best for most people:

- Adds to your account slowly and evenly, so you don't have to go into debt if an emergency strikes.

- Designates your money (paying yourself first) to put you in control. Soon you won't even miss the amount set aside.

- Limits the security risk of stashing cash.

- Earns interest or dividends as you go.

- It's always your money to manage, so you can change the purpose of the account at any time.

Three steps to bucketing.

Here's how to get started with your "money buckets" or savings accounts designated for a specific purpose:

Step 1: Establish your emergency fund.

Financial advisers typically recommended you first save 3 to 6 months' of household expenses as an emergency fund before trying to create other "buckets" or designated savings.

But you don't have to save it all at once. Setting aside $100 each month, with a goal of growing your emergency fund to $1,000 or $2,500 is a great place to start.

With your emergency fund set up, any unplanned events such as a failed major appliance, unexpected flat tire or other auto repair can be quickly covered without having to use an expensive credit card. Use it, and then rebuild it before the next emergency happens!

Step 2: Name your accounts.

If your online banking system doesn't allow you to set up your own automatic deposits or transfers, then visit your credit union or bank office and ask for help assigning names to your savings accounts, so you can add a few dollars each payday and track your progress.

Name your accounts anything you want to help define the purpose of the "bucket" fund. You could call one "Disneyland," another "Granite countertops," and another "Nancy's wedding" or "Harley."

If it helps, you can use the money bucket system for recurring expenses too. Label your buckets as "Animal care," "Utilities," "Property taxes," and so on to help you set aside a few dollars each month for regular bills.

Step 3: Fill your buckets automatically.

By using automatic deposit or transfer to fill your "buckets," you'll learn to live without those dollars until you need them.

Ask your employer for help setting up direct deposit of your paycheck to your bank or credit union. Then request your credit union or bank automatically distribute a designated amount from your paycheck to your designated savings accounts to help build your "buckets" for future needs.

If setting aside $100 a month to fund the account is too difficult, then simply pare it back. You can always change the purpose of your savings accounts, rename them, or stop the automatic transfer.

Once you experience the freedom of funding future goals over time, you may never want to stop filling those buckets. You may even want to add more!