







# 15 Sinking Fund Categories to Add in Your Budget

Want to get your money in check and keep your finances in tip-top shape? Setting up sinking funds is like having a secret weapon for your budget. Let's break down what a sinking fund is in plain English and give you some insider tips for making one.

Over the years, I've gained a lot of personal finance knowledge—much of it through trial and error. If there's one thing I wish I had understood sooner, it's the importance of having a sinking fund.

Once you've set up your budget, it's crucial to protect it to stay on track financially. You want to pay off debt, [save money](#), and still have enough for the things that matter most to you. Additionally, having a sinking fund helps you save for specific financial goals, whether it's planning your dream wedding, buying a new car, or renovating your home in the near future.

For these reasons, having a sinking fund is essential. In this post, you'll discover what sinking funds are, why they're so important, how they differ from emergency funds, and explore various sinking fund categories to fit your financial goals.

## What is a sinking fund?

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