

## Budget Mistakes - Budget Planning Needs to Build in Reserves

*By Mike Valles, Personal Finance Weblog  
March 8, 2010*

It is a very good idea to build a reserve amount into your budget simply because unpredictable things may often show up. A budget should not be looked at as something that is not flexible. Instead, it needs to be able to bend when unseen events crop up unexpectedly.

The reserve cash could be money that you keep in an emergency fund, or an extra amount you simply keep in your checking account for the purpose of meeting unexpected problems. Only keep it there, however, if you have the discipline to leave it alone unless absolutely needed.

**Thomas Petro, the CEO of Fox Chase Bank**, located in Hatboro, PA, says "What we know is that unexpected things happen." This means that a good budget plan will build into it a way to adjust and cover unexpected costs for things like possible medical costs, flat tires, larger than expected heating bills, etc.