

How to Set Up a Rainy Day Fund for Your Small Business

We've all been caught in an unexpected spring rain storm. Maybe you thought the worst had passed and you dashed out the door only to be hit by another sudden downpour. For small business owners, those rainy days can happen at any point during the year. That's why it's critical to be prepared with a [rainy day fund](#) for your business.

While rainy days in business do come in the shape of literal storms causing damage to your property or equipment, for most small business owners, unforeseen expenses pop up rain or shine. Like a trusty umbrella or a shelter from the storm, things like an emergency savings account, a line of credit, or a business credit card are critical for helping your business weather unexpected storms.

Keep your business afloat with an emergency savings account

Most small business owners don't even think about having a savings account because their budget is so tight. That's exactly why you should be building savings into your budget. If you treat savings like a monthly expense, you can slowly build a reserve that can help your business stay afloat in an emergency. An account like this can also help your business in the long haul if an opportunity strikes to launch a new product line, expand, buy out a competitor, or purchase some extra inventory at a good price.

How much should you keep in your business emergency savings account? According to [SCORE](#) small business advisors, "historical spending patterns are a good starting point in considering future spending plans." Most experts say six months of operating expenses is ideal for an emergency fund.

Put your mind at ease with a business line of credit

A [business line of credit](#) is like keeping an umbrella by your front door in case of unexpected rain. You may not always need it, but knowing it's there gives you a sense of security. A line of credit gives you capital to draw upon to meet a variety of business needs.

The great thing about a business line of credit is the funds are always there, but you don't have to use them until you really need them. You only have to pay interest on what you use, and as you pay the line down, you also eliminate the interest charged.

Use a business credit card when you get caught in a downpour

Emergency savings funds and lines of credit are useful and can put your mind at ease, but sometimes, your unexpected business expenses require a more instant source of funding. Having a [business credit card](#) or two is not only a great option for businesses that don't qualify for traditional small business financing, it's useful for every business owner to have this type of quick, easy access to working capital.

Another great feature of a business credit card is the ability to earn points you can funnel back into your business. Particularly handy for rainy day emergencies, these points can be saved up and redeemed when they're needed most.

For example, with the [The Blue BusinessSM Plus Credit Card](#) from American Express, you can earn 2x the points in select business categories, which you can translate into cash toward business travel expenses, including those last-minute business trips that may pop up.

Use a card like the [SimplyCash[®] Plus Business Credit Card](#) from American Express to receive up to 5% on select business purchases you're likely already making. You can let this bonus build up over time to create an emergency reserve for your business. Even if you already have a business credit card, it's a good idea to have a backup card on hand for quick access to capital, especially if the card has a low annual fee.

Rainy days will come—in both business and life. Having emergency funds in place will help you weather the storms, and most importantly, put your mind at ease so you can focus on building your dream business.

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Berrak Sarikaya is a natural conversation driver and an amplifier, motivated by a firm belief in owning who you are instead of trying to fit the mold. As a content strategist and creator, she's worked with startups, small businesses, Fortune 500 companies, and agencies in both the B2B and B2C landscape.