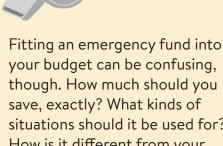
It's time to get

your savings in shape—and having an emergency fund in place is a solid step toward a fit financial future.



though. How much should you situations should it be used for? How is it different from your regular savings categories? See the full rundown below.



6 STEPS TO BUILDING AN EMERGENCY FUND







START ONE

WHY? Life is unpredictable, and all it takes is one obstacle to derail your financial routine. An

emergency fund minimizes the stress and damage caused by surprise expenses. REALLY? Yes, really! Not having an emergency fund can turn your initial emergency situation into a cycle

of debt that's difficult to break out of.





KEEP IT CLOSE

SEPARATE

get to it fast. Keep it in a separate savings account so you won't be tempted to spend it. An interestbearing savings account is the perfect place for

accessible, so when it's needed, you can

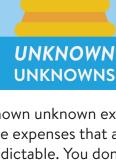


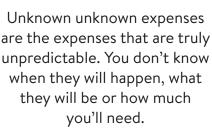
fund to grow over time, look for a savings account with a decent interest rate, no monthly fee and no minimum balance. GET TO KNOW YOUR UNKNOWNS

your emergency fund. To allow your emergency





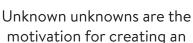




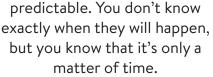


Accidents

Bereavement travel



emergency fund.



KNOWN

UNKNOWNS

Known unknowns are

expenses that are somewhat

Known unknowns should be budgeted for separately, outside of your emergency fund.





The term "emergency fund" brings to mind very drastic situations-car crashes, illnesses, job loss-but emergencies come in many different forms. Any situation that threatens your cash flow is appropriate for your emergency fund to

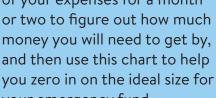


SITUATIONS

SUCH AS Being out of work for an extended period of time, needing to take care of a loved one, waiting for an insurance reimbursement. CALCULATE YOUR GOAL

step in and handle.





your emergency fund. Track all

Most financial

suggest that you have

at least six

months' worth

of expenses in

experts

of your expenses for a month \$ 2,500 \$ 15,000 or two to figure out how much \$ 18,000 money you will need to get by, \$ 3,000 and then use this chart to help \$ 3,500 \$ 21,000

\$

Monthly

Expenses

\$ 1,000

\$ 1,500

\$ 2,000

\$ 4,000

\$ 4,500

500

Emergency

Fund Size

\$ 6,000

\$ 9,000

\$ 12,000

\$ 24,000

\$ 27,000

3,000





STICK WITH IT

Six months of expenses is an intimidating

target. Set incremental benchmarks-\$500, then \$1,000 and so on.

A healthy emergency fund takes time to build. Be patient, keep reaching for that goal and only touch it if there's a true emergency.

PATIENCE





Sources: Canadian Living, Get Rich Slowly, Investopia

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