

Emergency Fund BOOT CAMP

- IT'S A -
**MONEY
THING™**

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.

PREPARE FOR THE UNEXPECTED WITH AN EMERGENCY FUND

Having an emergency fund means having one less thing to worry about when the unexpected happens. If you find yourself in a situation like a medical emergency, an out-of-the-blue home repair or losing a job, you don't want to be worrying about how you're going to manage expenses or about going into debt to cover costs. An emergency fund will let you focus on getting your life back to normal.



HOW MUCH MONEY SHOULD BE IN YOUR EMERGENCY FUND?

Most financial experts suggest that you have at least six months' worth of expenses in your emergency fund. Track all of your expenses for a month or two to figure out how much money you will need to get by, and then use the chart below to help you zero in on the ideal size for your emergency fund.

Monthly Expenses	Emergency Fund Size
\$ 500	\$ 3,000
\$ 1,000	\$ 6,000
\$ 1,500	\$ 9,000
\$ 2,000	\$ 12,000
\$ 2,500	\$ 15,000
\$ 3,000	\$ 18,000
\$ 3,500	\$ 21,000
\$ 4,000	\$ 24,000
\$ 4,500	\$ 27,000

WHAT IS AN EMERGENCY FUND USED FOR?



UNKNOWN UNKNOWNNS

Unknown unknown expenses are the expenses that are truly unpredictable. You don't know when they will happen, what they will be or how much you'll need. Unknown unknowns are the motivation for creating an emergency fund.

EXAMPLES

- Sudden unemployment
- Health emergencies
- Accidents
- Bereavement travel



KNOWN UNKNOWNNS

Known unknowns are expenses that are somewhat predictable. You don't know exactly when they will happen, but you know that it's only a matter of time. Known unknowns should be budgeted for separately, outside of your emergency fund.

EXAMPLES

- Major car repairs
- Pet care
- Home repair
- Replacing a major appliance



MAKE THE MOST OF YOUR FUNDS

An interest-bearing savings account is the perfect place for your emergency fund. Ideally, you'll want to have the ability to instantly transfer funds online between your emergency fund savings account and your primary chequing account so that you'll have immediate access to your money if necessary. To allow your emergency fund to grow over time, look for a savings account with a decent interest rate, no monthly fee and no minimum balance.

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