

# \$AVE BETTER

## Establishing an Emergency Savings Fund



### Be Ready! Have Enough for “the Unexpected.”

**1 Month \$\$\$ x 3/6 = Fully Funded**

Life happens, and when it does, Wright-Patt Credit Union (WPCU) wants you to be financially ready and to have peace of mind by preparing now! One way is to establish an emergency savings fund, which can help keep your budget in order and protect you from the high cost of borrowing and falling into debt.

Your emergency savings fund should be one of your highest savings priorities. Follow these five tips to help start and grow your fund.

- 1 Detail your monthly income and expenses.** Document how much money comes in and everything you spend money on each month. Include recurring expenses such as your rent or mortgage, utility bills and childcare, and estimates of other out-of-pocket expenses such as entertainment, dining out and clothing.
- 2 Set your emergency savings goal.** Immediately, your goal should be to have a starter fund of \$1,000. This amount is often enough to cover a major repair bill, medical issue or emergency travel. Ideally, your fully funded emergency fund should cover three to six months of **necessary** living expenses – the expenses that you absolutely have to continue to cover in the case of a change in your household finances. The emergency account is for true emergencies, not for a dream vacation, boat or car (you could set a separate goal for this)! To determine this number, calculate your necessary expenses for one month and multiply that total by three or six.
- 3 Develop a plan and start saving.** To achieve a goal, you always need a solid plan in place. Consider small weekly or monthly goals to motivate you to keep working toward your overall goal. For example, if you save \$20 a week in an emergency fund, your account will grow to over \$1,000 in just one year.
- 4 Keep your emergency fund accessible.** The best place to keep your fund is in a liquid account – like a WPCU TrueSaver® account or one of our great money market accounts – which provides easy access to withdraw your funds without penalty and a return on your deposit. Avoid placing your money somewhere that you’d be tempted to spend for non-emergencies.
- 5 Automate your saving.** Sticking to the plan could be the hardest part of saving for an emergency fund or other financial goal. One way to help stay on track is to save automatically. Set up an automatic transfer from your regular checking or savings account into your emergency fund account to make it easier for you.

Starting an emergency fund is a necessary building block for long-term financial stability, but it can be very confusing when you first begin. Ready to get started? Let the team at WPCU help! Stop by your local Member Center and sit down and talk with a Financial Coach and we’ll help you develop a plan that fits your needs so you can begin growing your emergency fund. With the right goals and a plan, you can do it! We are here to help you along the way!