

Saving for an Emergency

One of the first savings goals you should establish is setting aside enough money to cover your basic living expenses for two to three months. This money should be kept in an easily accessible savings or money market account. An on-line account will yield a better interest rate and can be linked to your personal checking account. Only use the money in the event of an emergency, such as receiving unexpected medical bills or losing your job.

It will take time to establish a fully funded emergency fund because you'll have other saving goals, such as your Roth IRA, funding your children's education, saving for a new car, vacations, and a holiday & gift fund.

While this may look overwhelming, a committed, steady effort will win. **Pay yourself first !**

Main Categories to Include in Your Emergency Fund

- | | | | | | |
|--|------------|-------|-----------------|-------|--|
| | (estimate) | | | | |
| 1. All meals for 1 month | | _____ | x 3 months = \$ | _____ | |
| -groceries, snacks, eating out | (450) | | | | |
| 2. Utilities and essentials for 1 month | | _____ | x 3 months = \$ | _____ | |
| -gasoline, heat, electric, water, garbage communications | (600) | | | | |
| 3. Mortgage or rent for 1 month | (1750) | _____ | x 3 months = \$ | _____ | |
| 4. Car payment for 1 month | (350) | _____ | x 3 months = \$ | _____ | |
| 5. All insurances for 1 month | | _____ | x 3 months = \$ | _____ | |
| -house, car, life, medical | (650) | | | | |
| 6. Debt payments for 1 month | (200) | _____ | x 3 months = \$ | _____ | |

Total goal amount in emergency fund (4,000 x 3 months = 12,000) **\$** _____

Finally, this strategy should also be incorporated into your retirement plan. Chose one safe, guaranteed investment that will provide lifetime income to meet these basic monthly expenses. You'll overcome the dread and worry of running out of money before you die.