

HOW TO SET UP AN emergency fund

An emergency fund is a great way to save yourself from financial disaster. It gives you peace of mind when unexpected expenses come up. And, it may help keep you out of debt when you need extra money for an emergency. People who don't have emergency funds may have to turn to high-interest loans or more credit card debt.

It can be difficult to set money aside when it's being used for other day-to-day things. But, it is possible to do with a little discipline and planning. Here's how:

- **Make it automatic.** Have some money automatically put in a separate account with each paycheck. Even if the amount is small, it can add up over time. An automatic transfer is more convenient than doing it yourself. You may find that after a while, you don't miss that extra money. You learn to get by without it.
- **Make it a priority.** Pay your emergency fund first, before you use your paycheck for non-necessary items. Make a budget that doesn't include your emergency money. This will ensure your bills and other necessities get paid without skipping your emergency fund payment.
- **Use a bank or credit union savings account.** These are easier to access in an emergency than savings bonds, mutual funds or certificates of deposit (CDs). But, don't put it in your regular checking account, where you may be tempted to use it for a non-emergency.
- **Keep the account totally separate.** Make sure that account is for emergencies only. Make it a savings account instead of checking. Be sure the account doesn't include fees or penalties.
- **"Do I need this?"** Cover your credit card with a savings message to reduce non-essential spending.



Creative ways to save

Think of little ways you can change your daily routine to save money. You'll be surprised how much you can save!



Put away \$.50 a day in loose change.
Monthly savings: \$15
Yearly savings: \$180



Skip the coffee out and bring your own from home.
Monthly savings: \$80
Yearly savings: \$960



Bring your own lunch 3 days a week instead of eating out.
Monthly savings: \$96
Yearly savings: \$1,152



Eat dinner at home 2 more times per month.
Monthly savings: \$40-80
Yearly savings: \$480-960

Source: Consumer Federation of America