

The Post Rock Connection

Post Rock Extension District #1 Family and Consumer Sciences Column

Month of August 2021

By Brenda Langdon, Family Resource Management Agent

Plan Now for Future Emergencies

If you are part of the population that doesn't have cash on hand for an emergency fund, you're not alone.

However, since the pandemic many have been reminded just how crucial a financial cushion can be. Many Americans have been forced to dip into their reserve funds to get through this difficult time. More people than ever are committed to being more financially stable and thinking like a saver. That starts with building an emergency fund. There will always be an emergency, the only thing "unexpected" is when it will happen.

If we think about our budget and how our income and expenses flow, we need to first cover our weekly and monthly expenses. The next step is to think about the money needed for the next month's expenses. Once the weekly and monthly bills are accounted for, consumers should think about building an emergency savings fund, or money set aside to cover urgent unanticipated expenses such as a surprise medical bill, major car repair or things such as glasses or a higher utility bill.

Building an emergency fund could be as easy as setting aside \$5 a week. Everyone's situation is different and saving can be a challenge. One strategy is to "pay yourself first" when the paycheck arrives. Take money off the top for your emergency fund before you pay the bills. You can have it transferred from your bank account or as you do routine financial tasks, transfer the money to yourself.

Having a plan for the rest of the money would include paying bills and entertainment or other expenses. Other goals you may have could be saving to buy a home or car or putting money aside long-term for retirement.

For some, just beginning on their savings journey, trying to save 3-6 months of our expenses for an emergency can be an overwhelming goal. It's best to start small and think big by setting an initial goal of \$500 for your rainy day fund. Here are some reasons why having at least a \$500 emergency fund could save you from a financial setback: shattered, broken or stolen cell phone, emergency dentist visit, minor car repairs, traffic ticket, repairing an appliance, emergency plumber, flat tire, fender bender, flooded basement, new tires, prescription costs, increase in groceries, rent or utilities just to name a few.

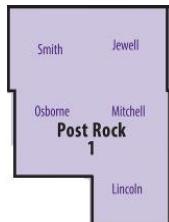
Saving isn't a burden, it's a mindset and lifestyle change. The first step is to make a commitment to save \$500 toward your emergency fund, then to create a plan – one that's feasible and sustainable.

Remember that completely cutting off all the things that make you happy and bring you joy in order to "save" will make saving that much harder. But choosing one thing to give up would be easier to stick to.

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