

# 4 TIPS

## for Building an Emergency Fund Savings Account



### Life is full of unpredictable events.

It is much easier to fix your car, repair your house, replace a home appliance, or cover an unexpected bill when you have an emergency fund savings account. Sometimes called a “rainy day fund,” your emergency fund acts as a cushion for unforeseen expenses so that you can avoid borrowing money or racking up credit card debt.



## THE FACTS



Only **18%** of Americans have emergency savings to cover six months of expenses.<sup>1</sup>



Almost **30%** of all Americans have no emergency savings whatsoever.<sup>2</sup>



**One-quarter** of Americans say they worry about money “all the time.”<sup>2</sup>

## 4 TIPS FOR BUILDING AN EMERGENCY FUND SAVINGS ACCOUNT

### 1 Create a budget that allows you to save each month.

Creating an emergency fund is easier when you follow a monthly budget. One way to budget is to divide your paycheck into three amounts<sup>4</sup>—how much to allocate to needs, how much to spend on wants, and how much to save.



#### NEEDS

Your “non-negotiable” expenses each month, including housing, food, transportation, and insurance.



#### WANTS

The expenses that make you happy, such as entertainment, dining out, vacations, and clothing.

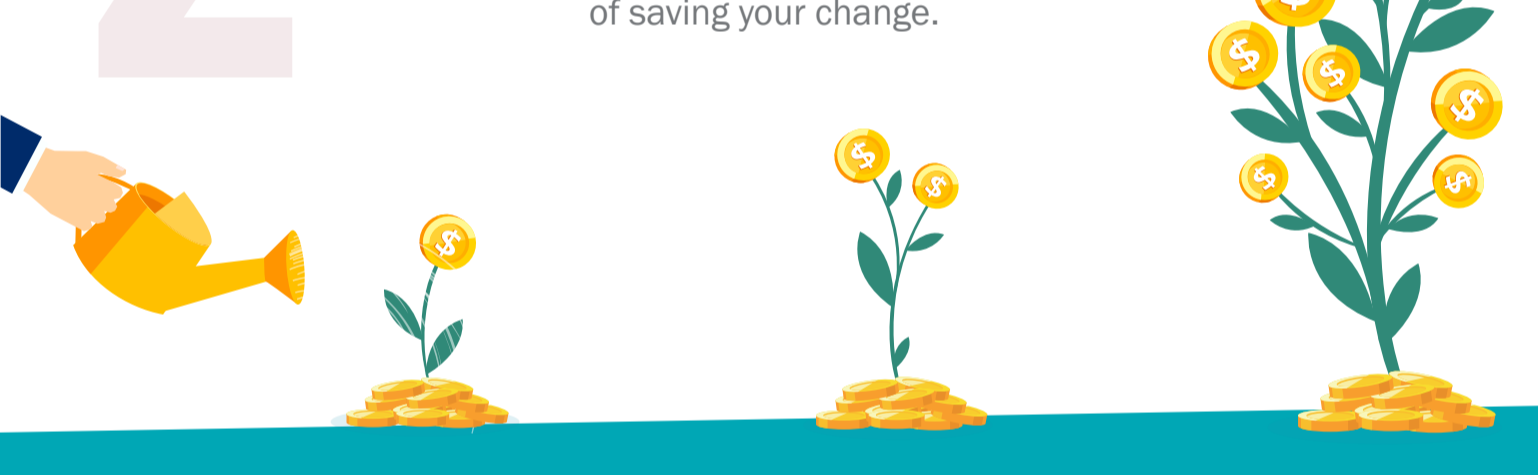


#### SAVINGS

The funds you have left over after you account for your monthly expenses. In evaluating your wants and needs each month, you may realize there is room to cut expenses to allocate more funds to savings.

### 2 Keep your change.

If you prefer to make purchases with cash, you can easily kick-start your emergency fund by saving up your change. Many of today’s leading banks offer savings programs<sup>5</sup> that electronically mimic the habit of saving your change.



### TIP

Automating your savings is the easiest way to grow your emergency fund and will help you stay in the habit of saving.

### 3 Lower your expenses wherever you can.

One of the easiest ways to save money is by lowering your expenses. Here are a few ideas of areas where you can save:



#### Cut the cord.

More than 33 million Americans have ditched cable and opted for subscription services, such as Netflix, YouTube TV, Hulu, and Amazon Prime Video, for entertainment.<sup>6</sup>



#### Buy a used car.

A new car loses 10 percent in value after it is driven off the lot for the first time. Purchasing an older version of the model you have in mind could help you save thousands of dollars.<sup>7</sup>



#### Bring coffee and lunch from home

That daily \$5-\$10 lunch stop really does add up. Choosing to make coffee and lunch at home and pack a lunch for the workday will help you cut expenses, allowing you to add to your emergency fund instead.

### 4 Increase or supplement your income.

Whether it’s asking for a raise, taking on more hours, or launching a side hustle, finding a way to grow your income will help you build up your emergency fund more quickly.



With an emergency fund in place, you’ll be able to handle unexpected expenses as they arise and focus on building wealth in other ways, such as contributing to retirement and paying down loans.

### Ready to start building your emergency fund?

Get started with our easy-to-use [budget calculator](#), download our free [Complete Guide to Budgeting](#), or connect with our team to learn more!

Contact Us

#### Footnotes

- <https://www.bankrate.com/banking/savings/financial-security-june-2019/>
- <https://www.bankrate.com/banking/savings/financial-security-june-2019/>
- <https://www.cnbc.com/2019/05/24/25-percent-of-americans-say-they-worry-about-money-all-the-time.html>
- <https://fiscb.learnbanza.com/wellness/resources/fifty-thirty-twenty#fifty-thirty-twenty-anchor>
- <https://www.fscb.com/pocketchange/>
- <https://variety.com/2018/digital/news/cord-cutting-2018-estimates-33-million-us-study-1202881488/>
- <https://www.carfax.com/blog/car-depreciation>