

Emergency Savings

In 2017, we sadly watched hurricanes and wildfires devastate many areas of the country and mourned for those who lost their lives. It's an experience many of us will never go through and, most definitely, not one to take lightly. There were also many that lost everything but their lives, and it's with them in mind that this article is written.



I'm sure you've heard that the definition of insanity is doing the same thing over-and-over again, expecting different results. You've also heard that those who don't learn from history are destined to repeat it. Let's learn from history and do something different – plan for a setback, instead of reacting to a calamity.

Of course, this is important in many areas of your life, but we'll focus on the financial aspect of planning for emergencies.

Let's start with something far less daunting than a natural disaster. The chances of this happening are far less than, say, an unexpected medical bill or car repair. But, to someone who can't afford even the smallest mishap, these things can feel just as daunting. So what do you do?

First of all, we've got to have the right mindset. When we're "poor," we always tell ourselves we can't afford to save. But then we eat out, buy small (insignificant) "stuff," or something extra at the grocery store because we feel like we deserve something, thinking that something meaningful, emergency, fantasy vacation, high-priced item, is completely out of reach!

The point is, there are always ways to save – and if you save now, you won't be devastated by an unexpected bill. I find that it helps me sleep better, because if the unexpected happens, I can handle it, instead of stressing out over how to resolve a bad situation.

If you're not prepared for it, chances are very good that you'll pay more than you need to. I've experienced first-hand, and through those I love, that desperation is VERY costly. It also causes VERY BAD decision making. So, let's build an emergency fund.

It's recommended that you have a minimum of \$1,000 for small emergencies and three to six months-worth of living expenses for larger emergencies. You may not be able to get 6 months-worth of living expenses in the bank anytime soon, but every penny you can put away will help you, later-on. All of us, at some point, will deal with an unexpected financial emergency.

WHAT WILL YOU DO?

The Benefits Of Having An Emergency Fund

1. If your car breaks down, you can afford to fix it, and get a rental car in the meantime. You won't have to stress about missing work or having to take the bus.

2. If you land in the hospital, you won't have to worry about going into collections



3. If you lose your job, you won't have to worry about losing your home because you can't afford to pay the mortgage or rent.

4. If you are prone to worry, like I am, you won't have to stay up at night, stressing about what will happen if something unexpected occurs.

5. You'll save yourself a ton of money! What happens if you don't have money for these unexpected emergencies? You'll have to borrow from a friend or family member, use a credit card or secure a personal loan as a bailout. If you want to keep your relationships intact, I would suggest the credit card or personal loan, but it will cost you dearly in interest charges. So, rather than paying out extra money because you're desperate, why not save, instead? You know it's going to happen, so be ready!



Ways To Build Your Emergency Fund

Have a garage sale – get rid of your old junk, make extra room in your house and put a little money aside toward your emergency fund all in one shot! Resist the urge to blow the money on something else (I only made 20 bucks, so I'll just go to McDonald's). You'd be surprised at how fast it can add up! And this isn't an all or nothing proposition. If your emergency costs you \$500 and you only managed to save \$300, you're still farther ahead than you would have been with nothing!

Stop buying coffee on-the-go and brew it at home.

Take your lunch to work instead of eating out.

Skip going to the movies and watch a flick at home instead.

Get a part time job. With Uber, task rabbit or any of the many websites/apps that make getting side jobs a breeze, extra income is not hard to grab.

Set up an auto transfer to your savings to transfer a determined amount each time you get paid

Put your bonus or tax refund directly into your savings account.

**This is a head start, but there are countless ways to gain a few extra bucks.
It adds up!**

**You must discipline yourself. Be creative, be resourceful -
just don't break the law!**