


Planning Your Emergency Fund

How well-prepared are you to handle financial emergencies? Having an emergency fund set aside can get you through a crisis with less stress. If you don't already have savings for an emergency, that should be one of your most important financial goals. How much should you set aside? Financial advisors recommend 2-3 months of take-home pay or more. More protection is better if you experience frequent layoffs, seasonal earnings or other income gaps. The amount you save for emergencies depends on your unique financial needs. An emergency fund is a good place to save for anticipated major purchases like a car or major appliance that will have to be replaced. If your finances are really tight, set your goal to get and keep \$500-\$1,000 in an emergency fund. This will make a big difference in your ability to handle emergencies as they arise.

Monthly net salary X 3 (or 2*)	\$ _____
Anticipated amount of major expenses planned (appliances, furnishings, home repairs, etc.)	\$ _____
Emergency fund goal	\$ _____

* If you have credit card debt that you carry from month to month, put 2 rather than 3 months' salary in an emergency fund. After you have paid off your credit card debt, add an additional month's salary to your emergency fund. If your job is seasonal or uncertain, you may need up to 6 months' net salary.

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