ONE PAGE SUMMARY

Lifestyle & Hobbies › Financial Lifestyle › Emergency Funds

Beginner lessons for Emergency Funds

Build Your Safety Net with Emergency Funds!

DEFINITION

> Emergency funds are savings set aside for unexpected expenses. They provide financial security during emergencies like job loss or medical bills.

KEY CONCEPTS

Purpose of Emergency Funds

Emergency funds help cover unexpected costs without going into debt.

How Much to Save

Aim for 3 to 6 months' worth of living expenses to ensure adequate coverage.

Where to Keep Funds

Store emergency funds in a separate, easily accessible savings account.

Building the Fund

Start small and contribute regularly to gradually build your emergency savings.

When to Use

Use these funds only for true emergencies, not for planned expenses or wants.

EXAMPLES

→ Car repairs after an accident.

→ Medical bills from an unexpected illness.

→ Job loss requiring immediate expenses.

MEMORY TIPS

★ Think '3-6 months' for savings duration.

★ Use the acronym 'SAVE' - Set Aside for Various Emergencies.

★ Visualize a safety net catching you during a fall.

COMMON MISTAKES

✗ Using emergency funds for non-emergencies.

✗ Not saving enough to cover expenses.

✗ Failing to replenish the fund after use.

QUICK RECAP

Emergency funds are crucial for financial stability during unexpected events. Aim to save 3 to 6 months' worth of expenses and only use these funds for true emergencies.