



Savvy Savings

Sometimes unpredictable events happen that are not accounted for in your monthly budget. When these events happen, it is important to have a separate fund to pay for unexpected costs. So, where should you be putting your money to be prepared for these situations? Two places - your emergency fund and your savings account.



Emergency Fund

An **Emergency Fund** is used for exactly what you think it would be used for - emergencies. If you get injured or are out of a job for a period of time, you want to have enough money to comfortably live. It is suggested that you save up enough to live on for 3-6 months, but even \$1,000 in this account could help pay for unexpected events.



Savings Account

A **Savings Account** is used to save up for specific expenses like a house, your child's education, a new car, etc. These expenses are planned, so you can start putting money away monthly based on how quickly you would like to meet your savings goal.

The most effective way to develop an Emergency Fund and Savings Account is to save first. Each time you are paid, allocate a portion of your income to these accounts before you use the money for other expenses. Ideally, you want 10%-15% of your total income set aside for savings.

To build your accounts, set a specific dollar amount in your budget for "savings," and fund your Emergency Fund first. By funding this account first, this allows you to use those funds if an unexpected expense occurs rather than using funds from your Savings Account. Once you are comfortable with your Emergency Fund amount, allocate your "savings" funds in your Savings Account. At times, it is tricky to save first, but by doing so, you develop a habit of building your accounts and you become emotionally connected to what you are saving for.

Tips to Save

Unplug

According to Energystar.gov, it costs you \$100 per year to power appliances in standby mode. When you go on vacation, it's a good idea to unplug large energy consumers like entertainment centers.

Wants vs. Needs

Look back on your expenses from previous weeks to see which items were your "wants" vs. "needs". Identify what you could cut back on to meet your goal more quickly.

Think About Your Cash

Always know exactly how much money you have on hand. It will prevent mindless spending (and the shock when you realize you're out). Also, plan out your day so you withdraw the money you need from your home bank, avoiding ATM fees.

Eat Out Less

Breaking the fast-food habit may be one of the easiest ways to start saving money in your budget. It is common to spend around \$13.00 - \$15.00 per meal at a fast-food restaurant. If you add this up for lunches, it would be around \$70 per week or \$350 per month. This is just for one person, one meal a day. If you eat out more often or if you have kids, the costs go up even more. Cut back and start making meals at home to save!

Review Your Insurance

Review your insurance policies annually to assure you have enough coverage and are not paying too much. When you do this, you may find extra cash to go towards your Savings Account.

Cut the Cable

Review your cable bill and determine whether or not you are paying too much. Look into using other streaming services that are significantly cheaper, such as Netflix or Amazon Prime.

Stop Monthly Charges

Review your monthly subscriptions. You may find that you have unnecessary monthly expenses.

Ideal Savings



Fun Money

10% of Paycheck



Rainy Day Bucket

3-6 Months' Expenses



Retirement

10% of Paycheck

How Much Should You Save

Determine how much you need to save for your Emergency Fund and Savings Account.



Emergency Fund

\$



Savings Account

\$