

Maintaining an emergency fund is a key component to reaching financial stability. Most consumers understand how important having this "rainy day fund" is, but it can be difficult to figure out how to start one. Another common question is how much you need to save. Here are three steps to help you get your emergency fund started or rejuvenate it if you've already started one.



- **Identify your savings goals.** The first step in any savings plan is to determine how much you want to save and how quickly you want to set that money aside. Generally, experts advise keeping between three and six months' worth of your living expenses set aside in your emergency fund. Once you've calculated that amount, (be sure to include scheduled payments like rent/mortgage, student loans, etc.) determine a reasonable timeframe for achieving your goal. For example, if you want to save \$9,000, a target of three months would mean putting \$3,000 into the fund every month. For most households, that is not realistic. A better timeframe goal would be eight or nine months.
- **Start small.** Whether your goal is to set aside \$1,000 or \$10,000, it all starts with that first extra dollar saved. If you're just starting your emergency fund, even finding \$25 extra each month to put away can increase your confidence. Gradually increasing the amount you save will keep you from getting discouraged. Setting up an automatic transfer with your bank can help with this. You can start by transferring \$25 each month from your checking account to your savings account. Then, start adding any windfalls or budget surpluses. That way, each month you're saving at least your minimum; anything in addition to that is a bonus to yourself.
- **Finding the extra cash.** This is the most difficult part for most people. Sometimes, finding the money to deposit into your emergency fund account each month will be a struggle. If you can't tighten up the monthly budget any more, consider adding profits from garage sales. Another strategy is to start taking a bagged lunch to work and/or school. Put the money that you would have spent on lunch directly into your emergency fund so you're not tempted to spend it elsewhere. Another quick way to save is on your morning coffee. Even if it's only \$4.00 each day on your way to work, that's \$85 that could be sitting in your emergency fund at the end of the month if you brewed at home instead.

Taking these three steps will help you start and grow your family's emergency fund, giving you peace of mind that you can weather unexpected financial storms. For more advice about setting up an emergency fund, talk to your local banker about specific accounts that fit your needs.