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3-1-2010

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Recommended Citation

Bittiker, Donna and Cassel, E. Kim, "Emergency Preparedness: Saving Up for an Emergency" (2010). *Extension Extra*. Paper 409.
http://openprairie.sdstate.edu/extension_extra/409

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Emergency Preparedness: Saving Up for an Emergency

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Having an emergency savings fund is an important part of emergency preparedness. A disaster is hard enough to endure without creating serious financial hardship too.

How would you pay your bills if the income earners in your family were unable to work for an extended time because they could not get to work or their business closed down? Having an emergency savings fund will allow you to cover expenses in case of an emergency, and it will also give you some peace of mind.

KEEP YOUR MONEY SAFE

In the event of an emergency, you will need easy access to your funds. A bank or credit union savings account offers easier access to your money than certificates of deposit, United States savings bonds, or mutual funds.

You want easy access to your funds, but not too easy. Keeping your money in a savings account separate from your checking account makes it less likely that you will use your savings to pay for everyday, non-emergency expenses.

Keep a limited amount of cash with your emergency kit in case banking services are disrupted.

WHERE TO FIND MONEY TO SAVE

- **Pay yourself first.** Get into the habit of depositing money into your savings account on a

regular basis. Just like you pay your utility bill monthly, pay your savings account monthly. Better yet, set up regular electronic transfers from your checking account to your savings account through your bank. Automatic savings are the easiest savings because what you don't ever see, you may never miss.

- **Save lump sum payments or windfalls.** Tax refunds, inheritances, and gifts are examples of financial payments that can boost your emergency savings fund. If you receive a bonus from your employer, tuck it away in your emergency savings. Save loose change in a jar and deposit it regularly into savings. It adds up faster than you think.
- **Examine monthly bills.** Look at utility bills and other services for potential savings. Can you go with a cheaper cable package, or are you receiving telephone services that you don't use, such as call waiting?
- **Involve your family.** Building an emergency fund may be easier if your family takes it on as a challenge. The question of saving for an emergency should come up early in your family planning sessions (see ExEx13002, "Emergency Preparedness: Hold Family Meetings"). Communicating, sharing, and working together will help your family better understand why changes in spending habits are needed, especially at this time of preparation for an emergency.

SOURCES

America Saves. Importance of Emergency Savings. <http://www.americasaves.org/strategies/emergencies.asp>.

University of Wisconsin-Extension. Disaster handbook: Surviving a Financial State of Emergency. <http://www.uwex.edu/ces/news/info/commfam.pdf>

Revision of ExEx13005 (Pandemic Flu Preparation: Saving Up for an Emergency)
Original publication date: August 2006



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Cooperative Extension Service

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