



Emergency Savings

**Cornerstone Foundation's Journey to Financial Wellness
(developed by the Financial Wellness Task Force)**

JOURNEY TO FINANCIAL WELLNESS



CONTRIBUTORS

KATIE BEACH

Azura Credit Union, Topeka, KS

STEPHANIE DREILING

Heartland Credit Union, Hutchison, KS

COLTEN HIBBS

Education Credit Union, Amarillo, TX

KRIS KELLER

Multipli Credit Union, Springfield, MO

JAMES MERRIMAN

Mazuma Credit Union, Overland Park, KS

JESSICA TESZLEWICZ

Tinker Federal Credit Union, Oklahoma City, OK

JENNIFER WEBB

UP Federal Credit Union, North Little Rock, AR

CHRIS WOLGAMOTT

Meritrust Credit Union, Wichita, KS

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EMERGENCY SAVINGS



What would you do if you were unexpectedly out of work for an extended period? Layoffs, illness, or injury. It's not fun to think about, but that's exactly why it's important to have cash set aside for emergencies.

The exercise on the next page will help you determine how much you spend each month on things that are truly essential. If you cut out all of the wants and truly focus on what you need to survive, how much money does your household need to get through the month? That's your monthly **essentials budget**: the foundation of your **emergency fund**.

Once you have a monthly total, it's time to decide how many months' worth of essentials you need to save. Single, easily employable, and have a strong safety net? You might be comfortable with just three months of essential expenses. Have multiple family members depending on your income and have some specific job requirements that mean a job hunt is going to take you longer? You might be more comfortable saving six or even twelve months of essentials.

Now that you have your number, how will you start saving? Use automation to your benefit! Set up an automatic transfer or a payroll deduction to go directly into your emergency savings account and watch your balance grow with each paycheck.

BUILDING YOUR EMERGENCY FUND

Understanding your monthly essential expenses is crucial for determining how much you need to save in your emergency fund. To practice, begin by filling in each blank and adding up the totals to see how much you spend on **essentials** each month.

Rent/Mortgage Payment: _____

Renter's/Homeowner's Insurance: _____

If this is already included in your mortgage payment, leave blank.

Utilities: _____

Add up your utility bills for the last year and divide by twelve to get your monthly average.

Groceries: _____

What's the least you could spend on groceries for a month? Think about where you shop, coupons, etc.

Car Payment: _____

Fuel Expense: _____

Add up what you spent on fuel for the last three months and divide by three to find a monthly average.

Phone: _____

For most of us, a cell phone would be essential to finding a new job or getting to medical appointments. What's the least expensive option for your needs? Don't forget alternative carriers and pay-as-you-go plans!

Other: _____

What else is essential for you? Childcare, prescriptions, life insurance, etc.

Grand Total : _____



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