

Welcome to the SeaComm Federal Credit Union podcast! Your guide to financial information and what's going on at your credit union.

We're into the second quarter of 2021 already, how is your emergency fund shaping up?

What is an emergency fund?

It's money you've set aside for life's unexpected financial setbacks. We're talking about true emergencies here, like unexpected car repairs, a hospital visit or a faulty furnace. That great sale on electronics or a vacation deal, no that's not an emergency.

Unexpected things will happen, so you need that safety net between you and *life*. Believe me...

So, how much should you have in an emergency fund?

Well, it all depends on your unique situation.

If your job is stable and your budget is modest, than an emergency fund covering three months of expenses is probably just fine. But if your job is not so stable, maybe you're a commission salesman or something, than a six-month emergency fund is probably a better idea for you since a job loss could make you unable to pay your bills.

When a sudden expense pops up, it can feel like an emergency—but that might not be true. Here are some questions to ask yourself to determine if you need to tap into your emergency savings:

1. Is it unexpected?
2. Is it necessary?
3. Is it urgent?

If you answer yes to these questions, then yes, it's probably an emergency. So how do you get started with an emergency savings account?

Well, number one, develop a budget and stick to it.

As part of your budget, set a monthly savings goal. You know, it's not as important how much you save as it is that you get into the habit of saving every month.

You can set up a separate sub- share account here at SeaComm and even call it an emergency savings or call it anything you want but as your finances get better, be sure to increase the amount you save until you reach your emergency savings goal. And naturally, if you have to use part of it, replace it as soon as you can.

If you're having trouble finding money to save, how about selling some of your stuff. Take a look at your garage or dig through your closet—is there anything you could part with? Selling some items that are collecting dust can add up to extra money in your emergency savings. You can also take on a part-time job or maybe start a side gig to help beef up the account.

Another thing you can do is analyze your spending, a few less meals out or fewer extra mocha latte supremes can add up to some serious savings. You don't have to cut all the extras but making a few changes can add up to a lot and beef up that emergency savings account.

The bottom line is that once you have that cushion in place, financial setbacks will be much easier to handle and the peace of mind is pretty amazing.

That's it for this edition of the SeaComm Federal Credit Union podcast. Thanks for joining us!