



## 5 Ways to Build an Emergency Fund

An emergency fund is a sum of cash or an account set aside for unexpected expenses and financial emergencies such as medical expenses, car repairs, home repairs, or unemployment. Emergencies and unplanned events happen in life, and an emergency fund can help you avoid or reduce debt and recover quicker from financial difficulties.

As important as an emergency fund is to have, we understand that it can be difficult to build. Take a look at this guide to help you build emergency savings easily and effectively.

1. **How Much to Save Up?** A good rule of thumb is to save up at least 3-6 months' worth of your living expenses. That way, if you become unemployed, you can pay for the necessities while you find another job.
2. **Set Goal.** To reach your goal amount, think about what you need to do to reach that goal and what a realistic timeline would be. Maybe you could reduce your spending or find an extra source of income. Even if it's a small fund, it's better than not having one at all. Start small and build your way up.
3. **Additional Income.** One way to generate an extra income is to sell items you own that you no longer use that are in good condition. Selling them through a garage sale, Facebook Marketplace, eBay, etc. could get you some cash to contribute to your emergency fund.

- Living paycheck to paycheck can make it challenging to set anything aside each month. One solution may be getting a part-time gig such as food delivery, grocery delivery, paid survey participation, freelance writing, online tutoring, etc.
  - The tax season is coming up; tax refunds are a great opportunity to access a lump sum of money. When you receive your tax refund this year, consider adding it to your savings, if possible.
  - If bringing in an additional income isn't an option, consider cutting down your monthly expenses to contribute to grow your fund.
4. **Savings Account.** Set up an automatic transfer from your checking account to a savings account with your bank or credit union. This way, you can build your fund effortlessly and consistently. Lampco offers various [savings accounts](#) with unique features for your needs. These savings accounts are linked to an individual member account. With Lampco, your special savings account funds are not available through the ATM. Savings accounts often come with limits to how freely or often you can withdraw the money, so it can help you stay on track and ease the temptation to use your savings on frivolous things.
  5. **When to Spend?** Set guidelines for yourself – in what circumstances can you spend this fund? What's considered an emergency or high priority as opposed to just an unplanned expense?