

Building an Emergency Fund

A CredAbility Educational Course



Why having an emergency savings account may protect you from financial disaster.

presented by CredAbility

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Key Learning Points

The purpose of this course is to identify the importance of having an emergency savings account and how it could help protect you from financial disaster.

- Describe why it is important to have an emergency savings account
- Identify the risks of not having an emergency savings account
- Describe steps to take today to begin saving for an emergency
- Identify additional strategies to avoid future financial hardships

A. Describe why it is important to have an emergency savings account

- Position your finances to handle an emergency such as job loss, medical debt, death, divorce or natural disaster.
- Be prepared to handle common, unexpected situations without going into debt or jeopardizing your finances.
- Avoid unnecessary expenses associated with using credit cards or overdraft accounts.
- Have peace of mind that an unexpected situation will not cause unnecessary financial hardship.

B. Identify the risks of not having an emergency savings account

- Without an emergency fund, an emergency or unexpected event could put your finances at risk.
- The inability to meet financial obligations could negatively affect credit reports and scores.
- Relying on credit cards or loans to handle an emergency could result in taking on additional debt.
- Being unprepared to handle an emergency could put your home or other assets at risk.

C. Describe steps to take today to begin saving for an emergency

- Set up a savings account where you can access your money quickly and easily, if necessary.
- Set a goal for the amount of money you'll save in your emergency fund.
- Reevaluate and adjust your spending plan so you can make steady contributions to your emergency fund.
- Once you've begun to save, check your progress periodically and make adjustments as needed.

D. Identify additional strategies to avoid future financial hardships

- Obtain adequate insurance coverage for you and your family.
- Stop using credit and build a workable plan to pay down your debts.
- Monitor your credit report regularly and dispute inaccuracies if necessary.
- Consider developing an investment strategy as part of a long-term savings plan.

Follow-Up Activities

Activities to help you maintain stability in your personal finances.

- If you are experiencing a personal finance crisis and need to speak with a counselor, call us at: **800.251.2227**. We are available 24/7—every day.
- To enhance your overall financial knowledge and literacy, we recommend you participate in one of our free, interactive webinars. For details and registration visit **www.CredAbility.org/webinars**
- To enrich your personal financial knowledge, we recommend you take advantage of our free, self-guided, on-line education site—**www.CredAbility.org/education**. In particular, we recommend you take the following courses on demand:

Why Am I a 678?

Where Does My Money Go?

How Do I Get Out of Debt?

- For more information on saving and building an emergency fund, we recommend the following websites:

www.bankrate.com

www.smartmoney.com

www.CredAbility.org (select savings calculator)

- For continued development of your personal financial knowledge, we recommend the following reading material:

The Smartest Way to Save: Why You Can't Hang on to Money and What to Do About It

by Heidi E. Clingen and Samuel K. Freshman

The Little Book of Big Savings: 351 Practical Ways to Save Money Now

by Ellie Kay

The 1-2-3 Money Plan: The Three Most Important Steps to Saving and Spending

by Gregory Karp



For more information about our education programs or to schedule a workshop, call
www.CredAbility.org/education | 866.255.2227