



Extension Connection

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The mission of K-State Research and Extension Family and Consumer Sciences is to link education with life experiences to help people improve their lives, their families and their communities. Family and Consumer Sciences professionals support essential life skills including Community Development, Healthy Lifestyle Choices, Leadership & Volunteer Development, Relationship Development and Resource Management.

Title of Article - Financial Checkup

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Do you have an Emergency Fund?

Having an emergency fund may be the most important difference between those who manage to stay afloat and those who are sinking financially. That's because an emergency savings fund of \$500 - \$1000 allows you to easily meet unexpected financial challenges such as:

- Car repairs
- Traveling to see a sick relative
- Paying for a speeding ticket
- Paying for a visit to the emergency room
- Repairing a broken washer, dryer, refrigerator or furnace

The emergency fund allows you to cover these expenses and gives you piece of mind that you can afford these types of financial emergencies. Each year, those without emergency funds borrow \$2 billion from payday lenders who charge 300-500 percent interest.

Many experts suggest that the size of an emergency fund should equal three to six months of your salary so that you could continue to meet your monthly expenses if you lost your job. This is an excellent long-term savings goal, but can seem like an overwhelming task if you are just starting to build your fund. Start with a goal of \$500-\$1000, but once you've reached that goal, keep saving until you reach that bigger goal.

Where should you stash your cash? An emergency fund should be easy to access in case of an emergency, but not so easy that you'll be tempted to dip into it for non-

emergencies. A savings account offers easier access to your money than a certificate of deposit, U.S. Savings Bond or mutual fund. Emergency funds kept in a checking account or cash hidden at home may be tempting to use for non-emergencies and won't earn interest like a savings account will.

You may need at least \$100 to open the savings account and a \$200 minimum balance to avoid monthly fees. In most areas, however, there are financial institutions with lower minimums. Be sure to keep your cash in a secure location until you've saved up enough to open a savings account. Once you've opened the account, you'll need to make regular deposits until you've reached your savings goal.

For additional information, contact the Wildcat Extension District, Crawford County, 620-724-8233, Labette County, 620-784-5337, Montgomery County, 620-331-2690, Pittsburg Office, Expanded Food and Nutrition Education (EFNEP), 620-232-1930.

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