

HOW TO SAVE FOR EMERGENCIES

Life is unpredictable. When it comes to money, it's always a good idea to have an emergency supply of it. Most financial advisers recommend setting a fund that will cover six to eight months of living expenses. An emergency fund is intended to cover your basic living expenses in case we lose our jobs or have a major medical expense.

Here are some practical ideas for creating your own emergency fund:

- Start by doing the math. What are your “bare bones” living expenses each month? How does this figure compare to what you actually spend right now?
- Once you know that monthly figure, multiply it by six or eight, whatever you believe is your goal.
- Decide how long it will take you to build up your emergency fund. Take your time and be realistic about it.
- Create a special savings account as your emergency fund. Select an account that will accrue interest or earning but one that will offer liquidity so that you can withdraw when an emergency occurs.