



## Having trouble building an emergency fund?

In Money Matters No. 1, I mentioned that you should set up an emergency fund. Have you been trying to build one, but just can't seem to get there? The percentage of people living paycheck to paycheck isn't unique to any particular income level. I have found that even some people who make in excess of \$100,000 per year are living paycheck to paycheck. What is going on? If you're determined to get yourself on track, you have to do more than just save your gold coins in a jar. While this method works, it is slow and will not give you a sense of accomplishment that you need to keep you going.

### Here are a few tips to get you going

#### 1. Set a goal

Ideally, you should have 3-6 month of living expenses in an emergency fund. But if that seems like too much of a stretch at the moment, start with \$1,000. Then when you get that, you can change your goal to one month's expenses. Then three, etc.

#### 2. Set a time table

Don't give yourself forever to achieve this goal. This is an emergency fund, remember! How fast you can achieve this goal will depend on your income level, but don't give yourself more than 6 months to achieve it.

#### 3. Write down your goal and show it to someone who will keep you accountable

If you can't find anyone who is willing to do it, call me and I will keep you accountable.

#### 4. Pick 3 things on this list that you can do today!

- Set up an automatic transfer from your working account into a savings account on payday. Enough to be a little painful initially, but not so much that you can't stick with it.
- Take a one-month spending vacation. Read: Stop spending! Now, I don't mean starve yourself or skip doctor's appointments if you're sick, but don't buy anything that's not absolutely necessary. Put everything you have left over into your emergency fund.
- Consider having a garage sale (or sell your stuff on eBay, etc.). You will be amazed how fast you can make \$1,000 from this alone.
- If you get a bonus, over-time, or extra commission, put it into your emergency fund.
- If you get a raise, calculate how much extra you get on your first pay after the raise, and increase your automatic transfer to your emergency fund by that amount. Don't increase your spending.
- Get a part-time job or start a small business (one without a lot of overhead) and save everything you earn from it.

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