

# THE STATS

**According to a 2019 Bankrate survey**, 28% of American adults have no emergency savings. About a quarter of U.S. adults have a rainy day fund, but not enough to cover three months' worth of living expenses. That's less than half of us who have an adequate security net!

# THE CHALLENGE

This month's challenge is to make a savings plan that works for you. Whether you're building up your emergency fund or saving up for a big purchase, you want to make sure you're utilizing the right savings account. Financial experts have varying opinions on exactly how much money you should have in your savings account and what kinds of savings accounts to use.

## BUILD AN EMERGENCY FUND

Dave Ramsey's Baby Step #1 is to have \$1,000 in your emergency fund. Ramsey also recommends that if you have debt, you shouldn't have more than \$1,000 in your savings account, and any extra money should go towards paying off debt. Having that strict rule will definitely help you pay off debt quickly, but everyone's situation is different. Sometimes an emergency costs more than \$1,000.

Another way to approach your emergency fund is to make sure you have enough money saved up for three to six months, in case you were to lose your income for any reason.

## HAVE MULTIPLE SAVINGS ACCOUNTS

Keep your emergency fund separate from that trip you're saving up for. Keeping funds separate allows you to better track your goal progress, and prevents you from misspending the money.

## AUTOMATE YOUR SAVINGS

Schedule a recurring transfer into your savings account for each payday. That way, it's like you never even had that money in your checking account in the first place. The automation prevents you from having to make the decision to save (or not to save).

## LEARN ABOUT DIFFERENT SAVINGS ACCOUNTS

Finally, you want to make sure you're using the right savings account for you. **This article from Money Rates** lists fifteen different kinds that you could choose.

**For more information and resources, visit:**

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SAVINGS