



**FINANCIAL PLANNING AND PREPAREDNESS FOR THE
UNEXPECTED**

EMERGENCY SAVINGS

Life can be unpredictable—but your finances don't have to be.

Building an emergency fund is one of the most important steps you can take to protect your financial well-being.

Whether it's an unexpected medical bill, car repair or job loss, having a financial cushion can help you weather the storm without derailing your long-term goals.

In this session, we'll explain how to build up an emergency savings buffer and how much to save.

LEARNING OUTCOMES

By the end of this unit, you will be able to:

Saving Buffers

- Understand the benefits of having emergency savings or an emergency fund to deal with financial contingencies.

WHAT IS AN EMERGENCY FUND?

An emergency fund is money you've set aside specifically to cover unexpected expenses such as:

- Medical bills not covered by insurance
- Urgent home or car repairs
- Temporary job loss or income disruption
- Travel for a family emergency

Without a dedicated emergency fund, these moments can lead to high-interest credit card debt or early withdrawals from retirement accounts—moves that can cause long-term financial harm.

Having this buffer is about more than dollars and cents. It's about peace of mind. A well-funded emergency account offers confidence, flexibility and resilience, giving you time and space to make thoughtful decisions in the face of hardship.

The emergency fund should be in an accessible place so that, in the event of unexpected expenses and the need to use the fund arises, the capital can be drawn on quickly. Savings vehicles could be:

- High interest savings accounts: give a higher annual percentage rate of return than traditional savings accounts, and give the option of instantly moving the money to a current account when needed, and withdrawing it from there.
- Certificates of deposit (CDs): offer a guaranteed rate of return if the money is kept in the account for a certain period of time (from a few months to several years). Although cash withdrawals are allowed within this period, a penalty is usually payable, and new deposits are also not allowed after the initial funds have been added. This option is not recommended for those who want to rely on easy withdrawals.
- Money market accounts: these also tend to offer a higher annual percentage rate, but may include a debit card and cheque-writing capabilities.

HOW TO BUILD UP YOUR FUND

Set a realistic starting goal.

- Can't save six months of expenses right away? Try one month. Or even \$500. The important thing is to start.

Track your spending and identify areas to cut.

- Use budgeting tools or apps to spot patterns in your spending. Can you reduce takeout or unused subscriptions and reroute that money into savings?

Automate your savings.

- Set up recurring transfers on payday to remove the mental load. You'll be surprised how fast it adds up when it becomes a habit.

HOW TO BUILD UP YOUR FUND

Use windfalls wisely.

- Tax refunds, bonuses, or cash gifts are perfect opportunities to give your emergency fund a boost.

Reassess regularly.

- Life changes—so should your emergency fund. Review your savings goal annually or after major life events.

Emergency Preparedness is Financial Wellness

- Financial wellness is a cornerstone of overall well-being. Planning ahead—especially for the unexpected—is an act of self-care.

How much should I save?

- You want to be able to pay for an unexpected repair, but it's also important to have enough savings for tough situations.
- For example, if you lost your job or broke up with your partner and needed time to recover, you'd want more than just the cost of a new boiler or washing machine.

Remember!

Any amount saved will help you if you need to pay for something you weren't expecting.

The rule of thumb

- A good rule of thumb to give yourself a solid financial cushion is to have three to six months' essential outgoings available in an instant access savings account.
- So, if you spend €1.000 a month on mortgage or rent, food, heating bills and other things you can't live without, you might aim for €3.000 to €6.000 in emergency savings.

CONCLUSIONS

1

- Today, investment is the order of the day, especially because of the accepted concept of "investing your money in yourself, in your future".

2

- We must not forget that investing, while offering many benefits, also involves risks; and it is often important to get good advice.

3

- When investing, we must take inflation, exchange rates and interest rates into account in order to be able to invest correctly and profitably.

4

- There are many tools to be able to invest, so we must analyse and study which one best suits our requirements and the objectives we want to achieve.



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