Emergency fund basics

Pull up a chair. This is the thing that keeps a flat tire from turning into a new credit card balance.

What it is

An emergency fund is money set aside for the stuff life throws at you: the car, the tooth, the furnace, a slow month at work. It's not for vacations or sales. It's the buffer between you and new debt.

How much

Start small. A first goal of $500 to $1,000 handles a lot of common surprises. After that, work toward three months of must-pay expenses (rent, food, utilities, insurance, minimum payments). If your income bounces around or you're the only earner, more is better.

Where to keep it

Somewhere boring and easy to reach but not *too* easy: a separate savings account, ideally high-yield, not linked to your debit card. Not invested in stocks; this money has to be there on a bad day.

Starting when money's tight

- Automate a small transfer on payday. Even $10 counts. Habit first, amount later.
- Drop windfalls in: tax refunds, side money, selling stuff.
- Try one spending challenge and send the savings here.
- If you use it, that's what it's for. Refill it and keep going.

Honest truth

Building this while paying down debt feels slow. It is slow. But every surprise you cover with cash is one you never pay interest on. That's a win, even when it doesn't feel like one.

Not financial advice. These calculators are educational estimates with no guarantees. Taxes and interest are simplified; check big decisions with a qualified professional.

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