# Money. Matters. On-demand financial guidance by Dupaco

## Are you prepared for financial hard times?

Having an emergency fund means you have one less thing to worry about when the unexpected happens. If you face a medical emergency, home repair or job loss, you don't want to worry about managing your expenses or going into debt to cover costs. An emergency fund will let you focus on getting your life back to normal.

## PREPARE TO LESSEN THE IMPACT OF A FINANCIAL CRISIS

Take action today to prepare for emergencies that could impact you tomorrow. Financial hard times often strike when we least expect it.

### Here's how you can prepare to lessen the impact of a financial crisis:

**× Review your budget**

Start by writing down all of your expenses—rent or house payment, car payments, insurance premiums, utilities, school costs, groceries, everything.

For help with your budget, utilize a free Dupaco Money Makeover. And a free Credit History Lesson can help you understand your credit score and how it impacts the interest rates you pay.

Money Makeover

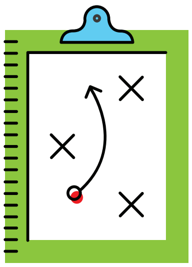
**× Pay yourself first**

The best way to build your emergency fund is to pay yourself first. Before you pay your bills or buy groceries, save a portion of your income. It will help you resist the temptation to spend money you planned to save.

A good way to do this is to have a pre-determined amount automatically come out of each paycheck—before you see it—and into your Emergency Fund savings account.

**× Lean on Dupaco**

If you find yourself in a financial crisis, don't be afraid to reach out to Dupaco. The credit union works with members on possible solutions, which might include payment plans, helping you keep your home or vehicle, or assisting in determining what your best options are.



## HOW MUCH MONEY SHOULD BE IN YOUR EMERGENCY FUND?

Most financial experts suggest that you have at least six months' worth of expenses in your emergency fund. Track all of your expenses for a month or two to figure out how much money you will need to get by, and then use the chart on the right to help you zero in on your ideal emergency fund. Ultimately, your emergency fund is your peace of mind. Design it to fit your specific needs.

| Monthly Expenses | Emergency Fund Size |
|---|---|
| $ 500 | $ 3,000 |
| $ 1,000 | $ 6,000 |
| $ 1,500 | $ 9,000 |
| $ 2,000 | $ 12,000 |
| $ 2,500 | $ 15,000 |
| $ 3,000 | $ 18,000 |
| $ 3,500 | $ 21,000 |
| $ 4,000 | $ 24,000 |
| $ 4,500 | $ 27,000 |

**Set mini-goals:** Saving six months' worth of expenses might sound downright impossible right now—and that's a completely normal reaction. Instead of feeling overwhelmed and giving up on the idea, choose a smaller goal and then gradually increase it over time.

**Avoid wishful thinking:** When planning your emergency budget, you might like to think that if you lost your job, you could turn it all around in two weeks—but that could be setting yourself up for a very stressful situation. It's not fun to think about a worst-case scenario, but when it comes to emergency-fund planning, that kind of thinking can help you come up with a more realistic savings goal.

**Imagine your lifestyle:** If you had to quit your job to handle an emergency situation, what would your lifestyle look like? If maintaining your current lifestyle in times of emergency is a priority, you may want to save nine months' worth of income, rather than six months' worth of expenses.

## WISHING FOR MORE SAVINGS?

Like going to the gym or eating a healthy diet, saving money is one of those concepts that's simple to grasp but weirdly challenging to put into practice.

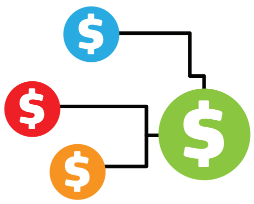
Paying yourself first is an effective savings strategy because it takes willpower out of the equation. When you get paid, a portion of your income is immediately funneled into your savings.

You can further reduce your reliance on financial willpower by automating your savings plan.

### Before you begin

Automation is an incredibly powerful tool when it comes to saving money—but not if it ends up costing you money! Be aware that some bank account types may limit the number of free transfers available to you in a month. This is something to consider when designing your automated savings plan.

### Automate your paycheck



Your employer can help you reach your savings goals before your paycheck even hits your bank account. Take advantage of any retirement savings plans offered through your employer—especially if they include an employer match. If you get paid by direct deposit, ask your employer if they accept multiple deposit accounts. If so, have a portion of your paycheck deposited directly into your savings account each payday.

### Automate your checking account

If your employer doesn't have the ability to deposit some of your paycheck into your savings account for you, do the next best thing: set up a repeating automatic transfer from your checking account to your savings account. Schedule the transfer for shortly after payday—that way, as you budget for your month, your savings will already be safely tucked away.

### Automate your savings goals

Create additional savings accounts or subaccounts for each of your goals and give them custom titles. Get even more granular by setting up regular automatic transfers into each of your subaccounts.

### Automate your bills

Your savings won't be able to accumulate if late fees and missed payments keep eating into your budget—set up automatic bill pay for your recurring expenses.

### Bonus tip: Look for opportunities to save

Once your automatic savings plan is in place, look for little ways to make additional contributions to your savings accounts. Empty the contents of your spare change jar once a year and deposit it into your savings. If you participate in any sort of cashback rewards program, consider putting that "extra" money toward your savings instead of spending it elsewhere. Also consider putting any future income tax refunds toward your savings. You can get creative in finding additional sources of income to keep growing your savings.

## START PLANNING FOR YOUR RETIREMENT

Besides saving for the unexpected, it's important to have a savings plan for retirement. Don't put off planning any longer. Get started:

### Know your retirement needs.

Experts estimate that you'll need about 70% of your pre-retirement income—for lower earners, 90% or more—to maintain your standard of living when you stop working.

### Find out about your Social Security benefits.

The Social Security benefits you will receive at retirement can be estimated based on your average annual income, your current age and your age when you retire.

### Put your money into an IRA.

An Individual Retirement Account can offer tax advantages. Contact your tax advisor to verify eligibility and contribution limits.

### Don't touch your savings.

Don't dip into your retirement savings. You'll lose principal and interest, and you may lose tax benefits.

### Start now, set goals and stick to them.

Start early. The sooner you start saving, the more time your money has to grow.

### Contribute to a tax-sheltered savings plan.

If your employer offers a tax-sheltered savings plan, such as a 401(k), participate and contribute all you can. Your taxes will be lower, your company may kick in more and automatic deductions make it easy.

*Learn more about planning for retirement at* *dupaco.com/retirement*

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