

Oregon State Credit Union difference



Why an emergency fund matters



If you've ever experienced the shock of an unexpected financial emergency, you know how devastating one can be. According to Bankrate's Annual Emergency Fund report, 68% of people in the U.S. are worried they wouldn't be able to cover their living expenses for just one month if they lost their job. The majority – 57% – of U.S. adults would be unable to afford a \$1,000 emergency expense.

Because emergencies are unexpected, they can throw even carefully crafted budgets into chaos. If you don't have the funds to cover the additional expense, you may end up taking on debt to cover it. That's why financial experts recommend you maintain an emergency fund.

What is an emergency fund?

An emergency fund is a savings account you set aside in case of an emergency, as the name suggests. It should be separate from your retirement savings or savings for specific goals, like college tuition, a new car or a vacation.

How much do I need in my emergency fund?

Financial advisors recommend you maintain three to six months of income in your emergency savings. You can use that as a general guideline, but your actual goal will depend on your personal circumstances. Do you have dependents to support? Would it be easy to get another job, or do you anticipate a long search? Think carefully about how much money you would need to support yourself for a while if you lost your job.

Where should I keep the fund?

You want to keep your emergency funds in an account that is separate from the account you use to pay your bills, or the account where you're saving for a specific goal. Ideally, keep your emergency fund in an account that has a higher interest rate than a simple savings account but where you can still access the funds. You don't want to tie up your funds even for a few months. You never know when an emergency will hit.

Money market accounts can be a good choice for your emergency fund. They typically earn higher interest than a savings account, but your money remains available; if you need it now, you can get it.

How do I build an emergency savings fund?

Many people do not think they have enough income left over at the end of the month to begin saving for emergencies. While that may be true for a small number of people, most people can save if they follow these few steps.

1. Start with small contributions.

Find something small you can sacrifice to the cause. Skip your morning stop at the coffee hut once a week, bring your lunch to work occasionally instead of eating out, or use coupons when you go shopping. Take the money you didn't spend and save it. Even something as small as \$15 a week is \$780 a year, and that's a start.

2. Use technology to automate savings. Once you have decided how much you will save, set up automatic transfers of money once a week, once a month or whatever frequency works for you. The trick is to establish a regular, effortless program of saving money.

3. Take advantage of windfalls. Did you get a tax refund? Do you get an annual bonus at work? Maybe your family sends money

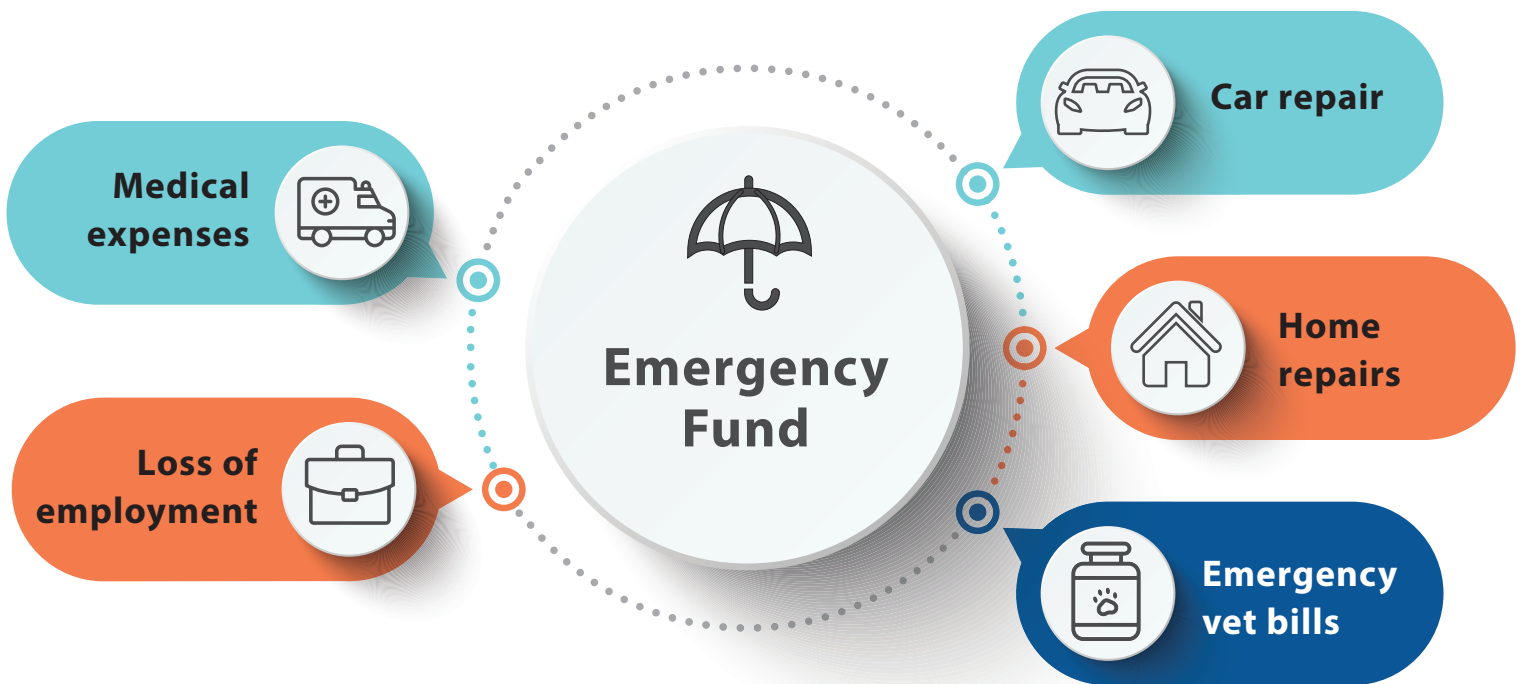
at holidays or birthdays. Rather than spend those windfalls, save them. They can supercharge your savings.

When do I use my emergency fund?

To understand when to use your emergency fund, it's helpful to understand when NOT to use it. Try to avoid using your emergency savings on nonessential items and services, such as a vacation or entertainment expenses. Consider

whether you actually need something to survive. If not, think twice before using emergency fund money for the purchase.

In general, you should use emergency savings for large or small unexpected bills or payments that are not part of your routine monthly expenses and spending. Some common examples include car repairs, home repairs, medical bills or a sudden job loss.



We're hiring!
Find your career at Oregon State Credit Union.

Check out our job openings at oregonstatecu.com/careers.

The credit union difference
Social purpose; people helping people

Credit unions exist to serve their members' financial needs, not provide a profit to third-party investors. They know their credit union will be there for them in bad times as well as good. The same people-first philosophy is at the heart of why credit unions and our employees get involved in the local community through charitable and other worthwhile causes.

Visit oregonstatecu.com
Call 800-732-0173

Insured by NCUA
EQUAL HOUSING OPPORTUNITY