



Plan ahead for a brighter future.

How to create an emergency fund.



Life is full of surprises. Some surprises are good, like finding money in an old pair of jeans or an unexpected promotion with a nice raise. Then there are surprises that aren't so good, like an illness or losing a job. While you can't predict when you'll encounter an emergency situation, you can potentially soften the financial blow by creating an emergency fund.



In case of emergency...

Creating an emergency fund is a good way to improve your financial security by having a safety net of funds to cover emergency expenses. Having the cash to cover an emergency can help reduce the use of high-interest debt options, such as credit cards and unsecured loans. Here are a few tips to get you started:



Set a savings goal.

The most common advice about how much you should have in an emergency fund is three to six months of income. Of course, it will take some time to build up to that amount. Start by dedicating a certain amount to set aside each month. You may even be able to have funds automatically deducted from your paychecks and deposited into a savings account. Our savings goals calculator on aig.com/RetirementServices can show you what it will take to reach your goal.



A little change goes a long way.

Keep the change you find or get back from purchases in a jar or piggy bank. Once it's full, move that money to your emergency fund.



Clean up your checking account.

If you tend to have a little left over at the end of a pay period, consider adding some to your emergency savings.



Make some cuts.

If you're finding it hard to dedicate a certain amount to your savings each month, take a look at your budget and see if you can tighten your belt in other areas. Consider carpooling to cut down on gas and wear and tear on your vehicle, cook meals at home and take leftovers for lunch or bring your own coffee from home. Little changes can add up to big savings.



Check it out.

Every few months, check your emergency fund to see how much you're saving. This gives you a chance to evaluate and adjust your saving strategy.

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Remember, an emergency fund should not be viewed as an extra savings account. Reserve the use of these funds only for emergency situations, like something that affects your health or ability to make money. A holiday trip or smartphone upgrade is not an emergency. After you've built up your emergency savings, create another account to help cover those out-of-the-ordinary expenses.

Want more?

Talk to your AIG Retirement Services financial professional for guidance on how to diversify your retirement portfolio or check out our [Education Center](#) for more useful info and tips to help you plan and achieve the future you want.

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