

Key Takeaways

Lesson 3: Baby Step 3

Baby Step 3: 3-6 Month Emergency Fund

Now that debt will never be a part of your life again, saving must be a priority. It's a different thing to face a job loss or a bad HVAC when you have a full emergency fund sitting in the bank. *An emergency fund turns a crisis into an inconvenience.*



\$1,000
Emergency Fund



3-6 Month
Emergency Fund

What is an Emergency?

When determining whether something is an "emergency," ask yourself these three questions:

1. Is it unexpected?
2. Is it necessary?
3. Is it urgent?

When you use your emergency fund, build it back up!

Where to Store Your Emergency Fund

Where it is:

1. Easy to access
2. Secure
3. Liquid

Types of Accounts:

1. Simple Savings Account
2. Money Market Account
3. High Yield Savings Account

*Remember, it's meant to be insurance, not an investment!

Gratitude & Contentment

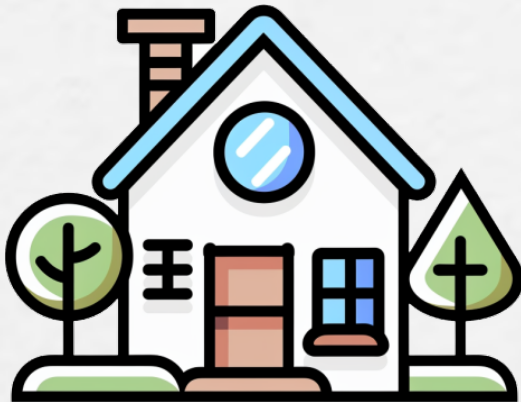
The tendency after finishing Baby Step 2—after making sacrifices for so long—is to look at your list of wants and feel like you "deserve" them. We know it's hard, but keep your gazelle intensity until you've saved up your fully funded emergency fund.

It's almost impossible to save money when you're not content.

Gratitude & Contentment

While you're not quite ready to drop major coin on anything non-essential, here are a few breadcrumbs, knowing that those things are just on the other side of your fully funded emergency fund:

1. Start planning now for your first debt-free vacation once the emergency fund is in the bank.



2. Start strategizing about how you'll begin your sinking fund for your next big purchase, be it a house, car or TV for your game room.

3. Be thinking about what causes or organizations you want to start giving to when you have disposable income.

