



Emergency Funds

Everyone experiences unexpected financial emergencies — broken appliances, a major car repair, a damaged cell phone, or worse, a job loss. Having some cash set aside to cover unexpected expenses can help you stay afloat without having to rely on credit cards.

Aim to accumulate a few months' worth of living expenses in a high-yield, easily accessible savings account. To help boost the balance, consider depositing your tax refund and any pay raises in your emergency fund. Or better yet, adjust your W-4 to have just enough withheld and put the difference into your emergency fund each month.

Although you may be tempted to invest this money in the stock market, keep in mind that you'd have to sell your investments before you can access the funds—potentially when the market is low. Also, it may take a few days to get your funds, and you may incur taxes on the withdrawal.



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