

13 Ways

TO SAVE FOR YOUR EMERGENCY FUND



One of the best ways to break out of the debt cycle is to have an emergency savings fund to cover unexpected expenses. This way, when your car breaks down or the refrigerator quits working, you won't need to rely on credit cards or bank loans to cover the expense. We recommend saving \$1,000 in your emergency fund as a first step.

However, if you are already living paycheck to paycheck, how can you find any extra money to fund this emergency savings account?

First, you must begin by developing a spending plan. Start by tracking your spending for one month. Save every receipt and write down every cash purchase. Carefully review your spending and look for areas where you can cut back.

Here are some ideas for cutting back your spending to fund your emergency savings account. Keep in mind, these don't have to be permanent decisions, but if you are trying to save money for your emergency fund, perhaps you could do without a few things for a couple of months.

1 Check your "extras."

It may be only a few dollars here or there, but these little extras really add up. Love your coffee? Try making it at home instead of splurging for that expensive gourmet cup at your favorite coffee shop. Soda with every meal? Drink water instead. Curb those afternoon trips to the office vending machine. Bring snacks from home. Try brown bagging it for lunch instead of eating out every day.

2 Re-evaluate your "essentials."

Think about the everyday common products you use, and find ways to go without or find a cheaper brand. Find a friend to cut your hair for free to save on the expensive salon or barber shop. Reduce the number of paper towels or paper plates you use by finding reusable alternatives.

3 Buy generic.

Talk to your pharmacist about generic options for your prescriptions drugs. Buy the store brand of toiletries, cleaners, and household goods such as paper towels, toilet paper, garbage bags, and sandwich bags.

4 Go discount.

Check discount stores for basic clothing needs such as socks, underwear, and t-shirts. Also check surplus stores, consignment stores, and discount department stores for other clothing needs. Many of these stores sell new or slightly used name brand items at half price or less.

5 Shop smarter for your groceries.

Write a weekly menu and buy only the things you need for those meals. Plan your meals around store specials and coupons. Look online for coupons. Stock up on non-perishable foods when they are on sale. Go “meatless” a few nights a week. Drink water instead of expensive and sugary sodas, teas, and juices.

6 Watch out for “impulse” buys.

Ever notice those small items or magazines with wonderful looking recipes near the register at stores? Don't buy them! Chances are you don't need the item and won't make that recipe at home anyway.

7 Cancel your subscriptions.

Your monthly Netflix or Hulu bill may seem small, but you can save hundreds of dollars a year by canceling them. Review any other subscription services you have - meal planning, music, clothing or lifestyle boxes can be suspended.

8 Entertain at home.

Have fewer dinners out, and cook at home instead. Invite friends over for a potluck dinner. Check movies and books out from the library. Have a “game” night at home, using those board games you've had stuffed in the closet for years.

9 Down-size your services.

Evaluate cable or cell phone packages and see if there is a cheaper package that will meet your needs. A flip phone may seem dated but can save you a significant amount of money! See if you can bundle your packages of cable, phone, and Internet.

10 Sell your extra stuff.

Clean out the basement, attic, garage, and closets. We all have extra things we never use any more. Sell them on eBay or Craigslist, have a yard/garage sale, or sell clothes, sports equipment, exercise equipment, and furniture at consignment stores.

11 Have a “no spend” month.

Simply buy nothing other than what you need.

12 Save your change.

Empty your pockets and purse of coins each night or sock away every \$1 or \$5 bill you get. Every little bit adds up.

13 Don't spend bonuses.

Save tax refunds, Christmas bonuses, birthday money, or any extra money from a raise.

Make a game of saving money, and get the whole family involved. See how much you can save in one week or in one month. Try to beat your own best total the next time. Before you know it, you will have saved enough to fund your emergency savings account.