FINANCIAL LEGACY BUILDERS

STEP #4

Personal Savings | Emergency Fund

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THE REAL DATA ON
SAVINGS ACCOUNT BALANCES

What Americans actually have saved.

MEDIAN is the most representative of the typical American.

A few high balances skew the average.

MEDIAN (TYPICAL) BALANCE

$8,000

Half of Americans have less than $8,000 in their transaction accounts (checking, savings, and money market accounts).

MEAN (AVERAGE) BALANCE

$62,410

The average is higher because a small number of households have very large balances. This is not what most Americans have.

WHAT AMERICANS CAN HANDLE

63%

of adults could cover a $400 emergency expense with cash or its equivalent.

24%

of adults have no emergency savings.

46%

of adults have enough savings to cover three months of expenses.

Source: Federal Reserve, 2023 Survey of Household Economics and Decisionmaking (SHED)

WHAT COUNTS:

Includes money in checking, savings, and money market accounts. Does not include retirement accounts (401(k), IRA, etc.).

WHY IT MATTERS:

Cash savings provide a financial cushion for emergencies, opportunities, and peace of mind.

FOCUS ON YOUR PLAN:

Your financial plan should be built around your goals, not national averages.

WHAT AN EMERGENCY FUND LOOKS LIKE

An emergency fund is money set aside in a liquid, easily accessible account to cover unexpected expenses and help you stay on track when life happens.

THE SPECTRUM: 3 MONTHS TO 12 MONTHS+

3 MONTHS — 12+ MONTHS

MINIMUM FOUNDATION

Covers basic expenses and gives you a starting safety net.

EXAMPLE
3 MONTHS
of essential expenses

SOLID PROTECTION

Provides confidence and flexibility for most situations.

EXAMPLE
6 MONTHS
of essential expenses

STRONG SAFETY NET

Helps weather major setbacks or job loss.

EXAMPLE
9 MONTHS
of essential expenses

MAXIMUM SECURITY

Offers greater peace of mind for long-term stability.

EXAMPLE
12 MONTHS
of essential expenses

ADDITIONAL SECURITY

Ideal for high-risk situations, self-employment, or variable income.

EXAMPLE
12+ MONTHS
of essential expenses

KEY PRINCIPLES

- Keep it liquid and easily accessible.
- Store in a high-yield savings account.
- Replenish it after you use it.

HOW TO CALCULATE

Multiply your average monthly essential expenses by the number of months of coverage that's right for you.

THE GOAL

Financial resilience and peace of mind so you can handle life's interruptions without derailing your goals.

Source: Financial experts generally recommend 3–6 months of essential expenses for most people. For high-risk situations, self-employment, or variable income, 9–12+ months may be appropriate.

HOW TO CALCULATE YOUR EXPENSES

Your emergency fund should cover your actual monthly living expenses.
Include **everything** it costs to live your life—not just the bare bones.

WHAT TO INCLUDE IN YOUR MONTHLY EXPENSES

HOUSING
- Mortgage or rent
- Property taxes
- Homeowners/renters insurance
- HOA fees
- Maintenance & repairs
- Utilities (electric, gas, water, sewer, trash)
- Internet & cable

TRANSPORTATION
- Car payment/lease
- Auto insurance
- Gas
- Maintenance & repairs
- Registration & fees
- Parking & tolls
- Public transportation

FOOD
- Groceries
- Dining out
- Coffee, snacks, beverages

HEALTHCARE
- Health insurance
- Doctor visits
- Prescriptions
- Dental & vision
- Therapy/mental health
- Health savings contributions

INSURANCE
- Health
- Auto
- Homeowners/renters
- Life
- Disability
- Umbrella liability
- Long-term care

DEBT PAYMENTS
- Credit cards
- Student loans
- Personal loans
- Auto loans
- Other minimum payments

PERSONAL & LIFESTYLE
- Clothing
- Hair, grooming, toiletries
- Subscriptions & apps
- Entertainment
- Hobbies
- Gifts & charitable giving

FAMILY & CHILDREN
- Childcare or school
- Activities & sports
- School supplies
- Tuition
- Babysitting
- Camps & lessons

FINANCIAL & LEGAL
- Financial advisor fees
- Legal fees
- Tax preparation
- Accounting fees
- Identity theft protection

MISCELLANEOUS
- Pet care
- Home supplies
- Travel
- Buffer for price increases & inflation

HOW TO CALCULATE YOUR MONTHLY EXPENSES

1. **List all expenses**
   List every monthly expense from all categories.
2. **Add them up**
   Total all of your monthly expenses.
3. **Multiply by your coverage goal**
   Multiply your total monthly expenses by the number of months you want to cover (3–12+ months).

EMERGENCY FUND TARGET

Monthly Expenses × Months of Coverage

= **YOUR EMERGENCY FUND GOAL**

BE REALISTIC. Emergencies are stressful enough—your e-fund should cover the life you actually live.

REVIEW REGULARLY. Revisit your expenses every 6–12 months or when your life changes.

YOUR GOAL. Financial security and peace of mind—no matter what life throws your way.

MONEY MARKET ACCOUNT VS. HIGH-YIELD SAVINGS ACCOUNT (HYSA)

Both options offer higher interest than traditional savings accounts and are FDIC insured. Here's how they compare.

	MONEY MARKET ACCOUNT (MMA)	HIGH-YIELD SAVINGS ACCOUNT (HYSA)
INTEREST RATE	Typically tiered rates based on balance. Rates often similar to or slightly higher than HYSA.	Typically a competitive, tiered or flat rate. Many leading HYSAs pay **2.50% APY or more** (as of May 2024).
ACCESS TO FUNDS	Often comes with a debit card and check-writing privileges.	Primarily online transfers. No check-writing or debit card access.
TRANSACTION LIMITS	Limited to 6 withdrawals or transfers per month **(federal regulation).**	Also limited to 6 withdrawals or transfers per month **(federal regulation).**
MINIMUM BALANCE	Often requires a higher minimum balance (commonly $1,000–$10,000+).	Often low or no minimum balance to open or maintain.
BEST FOR	Those who want check-writing/debit access or need to maintain a higher balance.	Those who want a simple, high-yield savings account with no minimums.
FDIC INSURANCE	FDIC insured up to **$250,000** per depositor, per bank.	FDIC insured up to **$250,000** per depositor, per bank.

Always check the current Annual Percentage Yield (APY) and account details before opening.
Even a small difference in rate can make a big impact over time.

Source: FDIC.gov, Bankrate.com – Data as of May 2024

KEY TAKEAWAY

Both are safe, liquid places to grow your cash.

A true HYSA should earn 2.50% APY or more (before fees).

WHEN TO CHOOSE EACH

CHOOSE A MONEY MARKET ACCOUNT IF:

- You want check-writing or debit card access.
- You need to make payments directly from the account.
- You are keeping a higher balance.

CHOOSE A HYSA IF:

- You want a simple account that earns a high rate.
- You prefer online access and easy transfers.
- You have a **lower balance or just want** to grow your savings.

TIP

Rates change frequently. Compare accounts regularly to make sure your money is working as hard as possible.

WHERE TO FIND A
HIGH-YIELD SAVINGS ACCOUNT (HYSA)

High-yield savings accounts (HYSAs) are offered by **online banks, credit unions, and fintech companies** and typically earn much more interest than traditional banks.

PLACES THAT OFFER HYSA

ally
- 4.25% APY*
- No monthly fees
- No minimum balance

Marcus: by Goldman Sachs
- 4.40% APY*
- No monthly fees
- No minimum balance

SoFi
- 4.50% APY*
- No monthly fees
- No minimum balance

DISCOVER
- 4.25% APY*
- No monthly fees
- No minimum balance

Capital One
- 3.90% APY*
- No monthly fees
- No minimum balance

CIT Bank
- 4.60% APY*
- No monthly fees
- $100 minimum to open

SYNCHRONY BANK
- 4.50% APY*
- No monthly fees
- No minimum balance

Bread Savings
- 4.35% APY*
- No monthly fees
- No minimum balance

AMERICAN EXPRESS
- 3.90% APY*
- No monthly fees
- No minimum balance

VIO BANK
- 4.30% APY*
- No monthly fees
- No minimum balance

**APY = Annual Percentage Yield. Rates are variable and subject to change.*

WHAT IS A TRUE HYSA?

A true high-yield savings account should earn **2.50% APY or more.**

Rates below 2.50% are closer to traditional savings account rates and may not keep up with inflation.

WHY 2.50%+ MATTERS

Higher returns
Earn more on your money with minimal risk.

FDIC insured
Deposits are insured up to $250,000 per depositor, per bank.

Liquidity
Access your money when you need it while it continues to earn interest.

TIP:
Compare rates regularly. Even a small difference in APY can make a big impact over time.

SHOP AROUND AND COMPARE RATES.

Rates change frequently. Always check the latest APY and account details before opening.

EXAMPLE: THE POWER OF A HIGHER APY

$10,000 saved for 1 year:

At 2.50% APY = $250 earned | At 4.50% APY = $450 earned

YOUR #1 FINANCIAL PRIORITY

SAVE 1–3 MONTHS OF ESSENTIAL EXPENSES ASAP

Before you pay off debt, invest, or spend more—you need a financial safety net. Your first priority is to build a small emergency fund and keep it in a **high-yield savings account (HYSA).**

YOUR GOAL:

1–3 MONTHS OF ESSENTIAL EXPENSES

Saved and ready for life's unexpected moments.

PROTECTS YOU

Covers unexpected expenses so you don't rely on credit cards or loans.

REDUCES STRESS

Provides peace of mind knowing you have a cushion if life happens.

KEEPS YOU ON TRACK

Prevents setbacks and helps you stay focused on your financial goals.

BUILDS MOMENTUM

A small step today creates the foundation for lasting financial success.

KEEP IT IN A HYSA

Choose a high-yield savings account earning 2.50% APY or more. It's safe (FDIC insured), liquid, and helps your money grow.

TARGET:
1–3 months of essential expenses

WHY THIS COMES FIRST

- Life is unpredictable. Expenses happen.
- Without a cushion, debt grows.
- With a cushion, you have choices.

WHERE TO KEEP IT

- ✓ High-Yield Savings Account (HYSA)
- ✓ FDIC insured up to $250,000 per depositor, per bank
- ✓ Easy access when you need it
- ✓ Earns more interest than traditional savings accounts

WHAT'S NEXT?

Once you have 1–3 months of essential expenses saved, move to the next step:

PROTECT → PAY DOWN DEBT → SAVE → INVEST → BUILD WEALTH

Source: Financial experts, including Dave Ramsey – Baby Steps Philosophy

A budget is telling your money where to go so you don't wonder where it went.

QUICK WAYS TO BUILD YOUR 1–3 MONTH EMERGENCY FUND—FASTER

A little extra effort today can create financial peace of mind tomorrow.
Use these simple strategies to reach your goal of **1–3 months** of essential expenses quickly.

WORK A PART-TIME JOB

- Just 10 hours a week at $15/hour = $600/month
- Could fully fund a $3,000 emergency fund in 5 months

TAKE ON GIG WORK

- Drive, deliver, freelance, or complete tasks in your spare time
- Earn $300–$800+ per month

Uber lyft DOORDASH instacart

SELL ITEMS YOU DON'T NEED

- Clothes, electronics, furniture, collectibles, and more
- Declutter and make cash at the same time

facebook Marketplace ebay

DO A NO-SPEND MONTH

- Pause non-essentials like dining out, shopping, subscriptions
- Redirect that money straight to savings

USE WINDFALLS

- Tax refunds
- Bonuses
- Cash gifts
- Reimbursements
- Put 100% toward your emergency fund

YOUR GOAL: SAVE 1–3 MONTHS OF ESSENTIAL EXPENSES

Start small. Stay consistent. Finish strong.
The sooner you build your cushion, the sooner you can focus on your next financial goals.

WHY A SHORT-TERM SACRIFICE PAYS OFF

A few months of discipline today can change your financial future.

PROTECTS YOU
Keeps unexpected expenses from turning into debt.

REDUCES STRESS
Peace of mind comes from knowing you're prepared.

CREATES MOMENTUM
Small wins build confidence and good habits.

SETS YOU UP FOR SUCCESS
A short sacrifice today creates long-term financial freedom.

DISCIPLINE TODAY. FREEDOM TOMORROW. A short-term sacrifice can create a lifetime of financial security.

Source: Financial experts, including Dave Ramsey – Baby Steps Philosophy

THE COMPLETE GUIDE TO SAVINGS SUCCESS

Building savings is about more than setting money aside—it's about creating financial security, freedom, and options for your future.

THE BOTTOM LINE

Pay yourself first. Be consistent. Start small.
Your savings today create your freedom tomorrow.

1. SET A CLEAR GOAL

- Define your "why"
- Short-term, mid-term, and long-term goals
- Be specific: amount and timeline

2. KNOW YOUR NUMBERS

- Track income and expenses
- Calculate how much you can save
- Review and adjust regularly

3. PAY YOURSELF FIRST

- Save before you spend
- Automate transfers on payday
- Treat savings like any other bill

4. BUILD AN EMERGENCY FUND

- Save 1–3 months of essential expensers first
- Keep in a high-yield savings account
- Your safety net for life's surprises

5. SAVE FOR GOALS

- Short-term: vacation, home repairs, gifts
- Mid-term: car, wedding, education
- Long-term: retirement, financial independence

6. GROW YOUR SAVINGS

- Increase contributions over time
- Take advantage of employer matches
- Invest for long-term goals

7. PROTECT & STAY PREPARED

- Review insurance coverage
- Plan for the unexpected
- Revisit your savings plan regularly

SMART SAVINGS STRATEGIES

- **Automate:** Set it and forget it.
- **Live below your means:** Spend less than you earn.
- **Reduce debt:** High-interest debt steals from your savings.
- **Avoid lifestyle inflation:** Keep saving as your income grows.

WHERE TO KEEP YOUR SAVINGS

HIGH-YIELD SAVINGS ACCOUNTS (HYSA)

- Earn more interest
- FDIC insured up to $250,000 per depositor, per bank
- Easy access to your money

MONEY MARKET ACCOUNTS

- May offer check-writing
- Often tiered rates
- Good for larger balances

SAVINGS BY THE NUMBERS

39% of Americans couldn't cover a $400 emergency expense with cash. Source: Federal Reserve, 2023

The average savings account balance in the U.S. is $5,300. Source: FDIC, Q4 2023

Even saving $50 per week = $2,600 per year. Small amounts create big results over time.

REMEMBER: Consistency beats perfection. Progress over time creates lasting financial freedom.

START TODAY. Your future self will thank you.

FINANCIAL LEGACY BUILDERS

Thank You