

FREE GUIDE • SAVINGS

The Safety Net Starter

Build an emergency fund and "sinking funds" so surprise bills stop knocking your month (and your plans) off track.

MY SAFETY NET

\$1,000 goal

Emergency fund		\$600
Car insurance		\$540
Holidays & gifts		\$240
Car repairs		\$120

- 1 Why "surprise" bills usually aren't surprises
- 2 Your emergency fund in 3 levels
- 3 Sinking funds, a worksheet and a checklist

BEFORE WE START

One surprise bill shouldn't undo your whole month

A car repair, a vet visit, a bill you forgot was yearly. Without a cushion, each one lands on a credit card, and suddenly you're paying interest on bad luck. A safety net doesn't need to be big to change that. It needs to exist.

63%

of US adults would cover a surprise \$400 expense with cash or its equivalent. The rest would borrow, sell something, or couldn't pay.

Federal Reserve, SHED 2025

47%

of Americans have enough set aside, or access to funds, for a \$1,000 emergency.

Bankrate, 2026

24%

of Americans have no emergency savings at all.

Bankrate, 2025 poll

Most "emergencies" were predictable

A car will need tires. Birthdays happen every year. Insurance renews on the same date. These aren't really emergencies, they're **irregular** costs: we know they're coming, just not every month. When there's no plan for them, they feel like disasters.

So a real safety net has two parts: an **emergency fund** for the truly unexpected, and **sinking funds** for the expected-but-irregular. This guide builds both, starting small.

TWO KINDS OF SAVINGS

Emergency fund vs sinking funds

Emergency fund

For things you **can't** predict: losing a job, an urgent medical bill, a broken furnace in winter.

One pot. Hard to dip into. Only for real emergencies.

Sinking funds

For things you **know** are coming, just not monthly: insurance, gifts, car maintenance, a trip.

One small pot per goal. Spent on purpose, then refilled.

Which pot pays for it?

EXPENSE	POT	WHY
Sudden job loss	Emergency fund	Unexpected and urgent
Car insurance (yearly)	Sinking fund	Same amount, same date every year
Holiday gifts	Sinking fund	It's in December every year
Car breaks down on the way to work	Emergency fund	Unexpected, and you need the car
New tires	Sinking fund	Cars always need them eventually
Emergency vet visit	Emergency fund	Unexpected and urgent
Yearly checkup and vaccines for the pet	Sinking fund	Predictable

Why the split matters

When the gift money is in its own pot, December stops raiding your emergency fund. And when your emergency fund is only for emergencies, it's actually there when you need it.

PART 1

Your emergency fund in 3 levels

Three to six months of expenses is the number people usually hear, and it can feel so far away that it's easier not to start. So don't aim for it yet. Build in levels. Each one makes you safer than the one before.

1 Level 1: A starter cushion

A first, small target, such as \$500 to \$1,000. Enough to cover a repair or a bill without reaching for a credit card. Look at the surprise costs you've had in the past year: that's a good guide to your number.

2 Level 2: One month of essentials

Add up your **essential** monthly costs only: housing, utilities, food, transport, insurance, minimum debt payments. One month of that buys you breathing room.

3 Level 3: Three to six months of essentials

The long-term goal. Closer to six months if your income is irregular, you're self-employed or one income supports the household.

Where to keep it

- In a **separate savings account**, not your everyday account, so it isn't spent by accident. The CFPB suggests a dedicated account for emergency savings.
- Easy to reach in a day or two, but **not** on your debit card.
- A high-yield savings account lets it earn a little while it waits.

Your "is this an emergency?" test

Is it unexpected? Is it necessary? Is it urgent? Three yeses: use the fund, without guilt. That's what it's for. Then build it back up, one small transfer at a time.

PART 2

Sinking funds: pay for next year in small pieces

The idea is simple: take a cost you know is coming, divide it by the months until it's due, and save that amount each month. When the bill arrives, the money is already there. No stress, no credit card.

Example

SINKING FUND	AMOUNT NEEDED	MONTHS AWAY	SAVE PER MONTH
Car insurance (yearly)	\$720	12	\$60
Holidays & gifts	\$600	10	\$60
Car maintenance & tires	\$480	12	\$40
Pet checkups	\$300	12	\$25
Yearly subscriptions	\$120	12	\$10
Total	\$2,220		\$195

\$195 a month sounds like a lot until you remember these bills were coming anyway. Without a plan, they'd arrive as \$720 and \$600 shocks instead.

Making it easy

- **Name your pots.** Many banks let you create several savings "spaces" or "buckets" for free. "Car insurance, due March" is far harder to raid than "Savings 2".
- **Start with the 2 or 3 biggest.** You don't need ten funds on day one.
- **Late start?** If a bill is 4 months away, save a quarter of it each month, and plan the next one earlier.

MAKE IT AUTOMATIC

Save first, so you don't have to remember

The CFPB calls saving automatically one of the easiest ways to make your savings consistent. If the money moves before you see it, you never have to win a battle of willpower.

- 1 Set a transfer for the day after payday**
Even \$10 or \$20. The habit matters more than the amount at the start. Raise it whenever you can.
- 2 Split your paycheck if you can**
Some employers can send part of your pay straight to a savings account. Ask your payroll team.
- 3 Give windfalls a rule**
Decide now what happens to tax refunds, bonuses and gifts. For example: half to your safety net, half to enjoy.

Mistakes to skip

- ✗ Waiting until you can save "a proper amount"**
Small and steady beats big and someday. \$10 a week is \$520 in a year.
- ✗ Keeping savings in your everyday account**
If you can see it on your debit card, it gets spent.
- ✗ Feeling guilty for using it**
A real emergency is exactly what it's for. Use it, then refill it.
- ✗ Putting debt payoff on hold until you have six months saved**
A small cushion first, then you can pay down debt and grow savings side by side.

YOUR WORKSHEET

My safety net plan

Emergency fund

My essential costs per month: _____

Level 1 target (starter cushion): _____

Level 3 target (3 to 6 months of essentials): _____

My automatic transfer (amount and day): _____

Sinking funds

SINKING FUND	AMOUNT NEEDED	DUE DATE	MONTHS AWAY	PER MONTH

Total to save per month: _____

PRINT ME

Your safety net checklist

THIS WEEK

☐ Open a separate savings account (or a named savings "pot")

☐ Set your Level 1 starter target

☐ Set an automatic transfer for the day after payday

Any amount. You can raise it later.

☐ List every yearly or irregular cost you can think of

☐ Start sinking funds for your 2 or 3 biggest ones

EVERY MONTH

☐ Check your transfers went through

☐ Raise the amount a little whenever your budget allows

☐ Send part of any windfall to your safety net

WHEN YOU USE IT

☐ Unexpected, necessary, urgent? Use it without guilt

☐ Restart the transfers to build it back up

NEXT STEP

Five pots, five targets, five due dates. That's a lot to keep in your head.

Working out how much each fund needs this month, and how close you are to every goal, is exactly the part we're building our Savings templates to handle for you.

- ✓ Every goal and sinking fund with its own progress bar
- ✓ The monthly amount for each goal, worked out for you
- ✓ How many months of essentials your emergency fund covers
- ✓ One calm view of everything you're saving for

Try the free Savings Goal Calculator

You're on our list, so you'll be the first to know when the full templates launch.

Sources

1. Federal Reserve Board, Economic Well-Being of US Households in 2025 (SHED, released May 2026).
<https://www.federalreserve.gov/publications/2026-economic-well-being-of-us-households-in-2025-executive-summary.htm>
2. Bankrate, Annual Emergency Savings Report 2026 (\$1,000 emergency figure) and SSRS poll of May 2025 (no emergency savings figure).
<https://www.bankrate.com/banking/savings/emergency-savings-survey>
3. Consumer Financial Protection Bureau (CFPB), "An essential guide to building an emergency fund".
<https://www.consumerfinance.gov/an-essential-guide-to-building-an-emergency-fund/>

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