

## Tool 1:

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# Savings plan

This tool can help you make a plan to save money for:

- Your goals
- Expenses
- Unexpected expenses and emergencies

There are two steps to making a savings plan. First, answer the set of questions below to see if setting up an emergency fund or rainy day fund may be right for you.

If yes, complete the savings plan using the worksheet that follows. To complete this worksheet, you will need to know:

- **Your savings goals.** If you haven't set these, consider using the information and tools in *Module 1: Setting goals*.
- **Strategies you can use for saving money.** The worksheet encourages you to be as specific as possible. See the example in the worksheet to get started.
- **Where you will put the money you save.**



## Is an emergency fund or rainy day fund right for you?

Answer the following questions to see if setting up an emergency fund or rainy day fund may be right for you and your family.

<b>Goals:</b> Do you have the savings needed to reach your goals?	<b>Yes</b>	<b>No</b>
<b>Expenses:</b> Do you have money set aside for expenses that come one to four times per year? <i>For example, automobile insurance, renter's insurance, tools for your trade, back to school expenses, birthdays, holidays (gifts, special food, etc.)</i>	<b>Yes</b>	<b>No</b>
<b>Unexpected Expenses and Emergencies:</b> Do you have money set aside for unexpected expenses or emergencies? <i>For example, a flat tire or other car trouble, medical expenses, need for a new appliance, job loss</i>	<b>Yes</b>	<b>No</b>
<b>Living expenses for months or weeks with no income or income that is less than expected:</b> Do you have money set aside to cover your living expenses during the months you will be earning little or no income?	<b>Yes</b>	<b>No</b>

**If you answered no to any of these questions, developing a savings plan may be a great next step for you.**

**For questions above to which you answered “no,” how do you pay for goals, expenses that come one to four times each year, and unexpected expenses and emergencies? Check all that apply to you.**

\_\_\_\_\_ I don't know. It just seems to work out.

\_\_\_\_\_ I don't pay other bills to cover the emergency or unexpected expense.

\_\_\_\_\_ I borrow money from other family members or friends.

\_\_\_\_\_ I get a payday loan.

\_\_\_\_\_ I get cash through a pawn shop.

\_\_\_\_\_ I use a credit card.

\_\_\_\_\_ I use my tax refund.

\_\_\_\_\_ I use a car title loan.

# Savings plan<sup>17</sup>

Name \_\_\_\_\_

Date \_\_\_\_\_

Savings goal	Total amount needed	Months to reach goal	Monthly amount to save	Strategies for saving and about saved per month	Safe and secure place for savings
<i>Example: To save \$1,000 in an emergency fund within 10 months.</i>	\$1,000	10	\$100	<i>Cut back to basic cable, \$40</i> <i>Cut out one fast food meal per week for family, \$60</i> <b>Total saved per month, \$100</b>	<i>Savings account at a bank or credit union. Will generally require a minimum deposit.</i>

Once you have your savings plan, be sure to add it into your budget or cash flow calendar. For more information on cash flow budgets, see *Module 5: Getting through the month*. For more information on setting up an account to save in, see *Module 8: Money services, cards, accounts, and loans: Finding what works for you*.

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<sup>17</sup> This table refers to a monthly savings plan. Irregular savings deposits as well from such places such as Federal and State EITC returns can also be entered as a one-time deposit. An example could include depositing \$200 of a \$2,000 EITC return.

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