

BUILD AN EMERGENCY FUND

What is an emergency savings fund?

An emergency savings fund consists of at least GHC1500 usually in a savings account that you do not have easy access to. Saving for this fund starts with small, regularly scheduled automatic contributions that build up over time.

Why should you start saving for emergencies?

Maintaining an emergency savings account may be the most important difference between those who manage to stay afloat and those who sink in debt. It also gives you peace of mind knowing that you can afford to pay unexpected expenses. That's because keeping GHC1,500 to GHC3,000 of savings for emergencies can allow you to easily

meet unexpected financial challenges such as repairing the brakes on your car or replacing a broken window in your house. Not having emergency savings is one of the reasons many individuals borrow too much money or resort to high-cost loans.

How should you build your emergency savings?

The easiest and most effective way to save is automatically. Your bank can help you set up automatic savings by transferring a fixed amount from your current account to a savings account.

Where should you keep your emergency savings?

It's usually best to keep emergency savings in a bank. These types of accounts offer easier access to your money than treasury bills, fixed deposits, or mutual funds. Though these are useful tools for long-term saving, they are not ideal for an emergency fund that you may need access to more quickly. But not too quickly! Keeping your money in a savings account makes it much less likely that you will use

these savings to pay for every day, non-emergency expenses. Out of sight, out of mind. That's why it is usually a mistake to keep your emergency fund in a current account. Pent Assets can help you find a financial institution that offers low- or no-minimum balance savings accounts.

How can you get started?

Those with a savings plan are twice as likely to save successfully. This includes setting a goal to build an emergency fund and deciding how much you want to save each month. This is where we come in. If you're ready to make a commitment to yourself to save, talk to us at Pent Assets via jabarimah@pentassets.com or +233 50 145 3564. We'll keep you motivated with information, advice, tips, and reminders to help you reach your goal to build an emergency fund.

