PioneerValley
FEDERAL CREDIT UNION
CHANGE THE FUTURE®
One Step at a Time

Emergency Fund: Do You Really Need One?

You've heard about how important it is to have money set aside for emergencies. In the old days it was called saving for a rainy day." Today it is known as an Emergency Fund.

Most financial experts believe in them and suggest having the cash equivalent of three to six months of expenses on hand. Why? Loss of income through job loss or death of a spouse, long-term disability, extreme damage to or loss of your home by natural disaster and a medical emergency are four examples of situations in which you may need a lot of cash fast.

Regardless of the reason, an **Emergency Fund** provides peace of mind. Just knowing that there is a large amount of funds available to cover costly repairs or day-to-day living expenses, including monthly mortgage or rent and insurance payments, can be reassuring.

To answer the question posed by the headline, yes, you probably should have an **Emergency Fund**. Although six to eight months of expenses saved may be ideal start off by saving one step at a time. Saving for a rainy day may be easier than you think. Pioneer Valley FCU has accounts to help you start and maintain savings for a variety of reasons. Here are some places to start:

• Emergency Fund Account
• Savings Account
• Money Market Account
• Short-term Certificates or Bonds

Emergency Fund Accounts @PVFCU	
Amount Saved	**Annual Savings***
$10.00	**$260.00**
$20.00	**$520.00**
$30.00	**$780.00**
$40.00	**$1040.00**

If you do not have large amounts of cash to put away and you are experiencing an emergency, there are other possibilities to cover expenses, some with very strong cautions. Consider these points:

• First, never put emergency cash into stocks. The stock market is too unpredictable, and you could lose all or part of your principal in a single day.

• If you don't have high credit card debt, and you have our low-rate credit card, you can charge your unexpected expenses and make as large a monthly payment as you can until your balance is paid off.

• Take out a Home Equity loan or line of credit. For most individuals, home equity interest is tax deductible and can be used for a variety of reasons, including emergency expenses.

• While we do not recommend that you borrow against your 401(k) at work or Roth IRA, these are other possibilities to tap into when an emergency arises.

If you’re interested in exploring savings plans or home equity borrowing, contact us to learn about your options. We are here for you and want to help safeguard your assets.