



Regions Next Step Podcast

Spotlight on Savings: Build Your Emergency Fund

In this podcast, Tamica Foster, a Financial Wellness Relationship Manager for Regions Bank in Jackson, Miss., discusses the importance of setting aside funds to help cover any unexpected expenses.

You'll hear Tamica's perspective on these topics:

- Why you should have an emergency fund and savings strategies to build that fund
- Emergency savings account options and tactics for growth
- How to build a strong financial foundation so you are prepared for the unexpected

Episode Transcript

Narrator:

You're listening to the Next Step Podcast "Building Your Emergency Fund" – part of our Spotlight on Savings series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals. /Today we are joined by Tamica Foster, a Financial Wellness Relationship Manager for Regions Bank in Jackson, Mississippi. Now let's get started.

Tamica Foster:

It's always a good idea to have savings tucked away for a 'rainy day.' An emergency savings account can be a lifesaver if medical bills, auto repairs, job loss or other unexpected events force you into 'rainy day' mode. If you have the funds set aside, you can use cash to pay for unexpected expenses, and you won't need to use other more costly forms of funding.

For example, you won't have to turn to debt to cover an expense. Credit cards are great for emergencies, but you'll be paying extra money in interest if you can't pay the balance charged each month. You also won't need to raid investment or retirement accounts. Withdrawing money from these accounts can add early withdrawal penalties and steer you off course from your long-term savings plans.

Additionally, establishing an emergency savings fund helps keep your budget intact. You won't have to miss payments on existing obligations to pay for unexpected things. Late fees and overdraft charges can add up and take a big chunk out of your hard-earned dollars.



However, probably the most important reason to save money and create an emergency fund involves your well-being. Knowing you'll have the money to pay for emergencies eliminates stress and helps you focus entirely on resolving the issue at hand.

Here are some saving tips to help you prepare for unplanned costs.

The first thing to consider is trimming expenses. Beyond your essential spending each month, you may have some expenses that aren't necessary or can be cut back. Consider taking a closer look at memberships, recurring expenses and other costs to see where you can find savings or less expensive options.

Then, set clear targets. Determine a savings goal that makes sense for you and break it into smaller, easy-to-reach milestones. To determine how big your 'rainy day' savings should be, consider the emergency spending needs and essential spending needs you would have if your source of income is interrupted. Then, determine how long you'll have those needs. Once you know what you'll need, put together a plan based on your current savings, monthly savings and the number of months it will take to build your 'rainy day' fund. You can use a Regions calculator to find out how much you need to save.

Now that you have your targets set, start saving to reach your goal. You can begin with small steps like setting up a direct deposit from your paycheck into a savings account. Or, you can schedule an automatic transfer from your checking to savings account each month. The key to building your emergency fund is making regular deposits. Even small deposits add up over time.

Planning ahead can make these types of events easier to cope with – and it's never too early or late to start building a strong financial foundation.

Narrator:

This concludes today's podcast on saving for an emergency fund. You can find additional information about saving and more online at www.regions.com/nextstep. No matter your goals, Regions will help you with each step you want to take. Thank you for listening.

Copyright 2019 Regions Bank, member FDIC, Equal Housing Lender. This information is general educational or marketing in nature and is not intended to be accounting, legal, tax, investment or financial advice. Statements of individuals are their own—not Regions'. Consult an appropriate professional concerning your specific situation.