



Emergency Fund Challenge

Build a \$1000 emergency fund by spending only on essentials and avoiding unnecessary expenses



CHALLENGE DESCRIPTION:

An emergency fund is money you set aside to pay for unexpected expenses. Having a financial buffer can help you handle unexpected expenses, like car repairs or medical bills, without falling into debt. By saving at least \$1,000, you can avoid high-cost loans and gain peace of mind knowing you have a financial safety net. Keep in mind, building your emergency fund can be a long-term goal, taking months or even years to achieve.

Some examples of unexpected expenses include:

- Car repairs
- Urgent visit to the veterinarian
- Job loss
- Health problems that prevent you from working

This challenge can help you:

- **Avoid Debt:** Manage emergencies without resorting to high-interest loans or credit cards.
- **Gain Financial Control:** Feel more in control of your finances.
- **Reduce Stress:** Know that you have a cushion to handle financial surprises.

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THE CHALLENGE

Are you ready to improve your financial security? **This 3- to 6-month challenge will help you save at least \$1,000** by following simple steps. It might get tough at times, but the peace of mind you'll gain is worth it.

Your Mission:

- **Start Small:** Begin with manageable weekly savings goals.
- **Automate Savings:** Set up automatic transfers to ensure consistent saving.
- **Find Extra Income:** Look for ways to earn additional money to boost your savings.
- **Cut Expenses:** Identify and reduce non-essential spending. Keep these top 10 most common non-essential expenses in mind as you navigate this challenge:
 - **Dining Out:** Eating at restaurants, ordering takeout, or grabbing coffee on the go instead of preparing meals and drinks at home.
 - **Entertainment:** Costs associated with going to movies, concerts, or events that aren't necessary for daily living.
 - **Subscription Services:** Monthly fees for streaming services, magazines, or subscription boxes that are not essential.
 - **Clothing and Accessories:** Buying new clothes, shoes, or accessories when you have enough or could find them second-hand.
 - **Impulse Purchases:** Unplanned buying of items like snacks, drinks, or small gadgets.
 - **Gym Memberships:** Especially if you don't use them regularly or can exercise at home or outdoors.
 - **Luxury Items:** High-end electronics, designer brands, or expensive hobbies.
 - **Beauty and Personal Care:** Regular visits to salons for haircuts, manicures, or spa treatments that can be done less frequently or at home.
 - **Alcohol and Tobacco:** Spending on alcohol, cigarettes, or other recreational substances.
 - **Convenience Fees:** Paying for delivery services, ATM fees, or convenience store markups.

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Month 1-2: Start Small and Track

It's better to begin with a small amount to avoid feeling overwhelmed. Start by figuring out how much you can save each week, whether it's \$50, \$20, \$5, or even just spare change—the key is to start now. Here is an example of what those weekly savings can look like with time:

- at \$5 a week, you'll have \$260 after a year
- at \$10 a week, you'll have \$520 after a year
- at \$15 a week, you'll have \$780 after a year
- at \$20 a week, you'll have \$1,040 after a year

Aim to save enough to cover 3 to 6 months of your usual expenses. These targets might seem out of reach, which is why you should save gradually. Consistently setting aside small amounts can improve your financial stability over time.

Open a Dedicated Savings Account:

- Choose a separate account with no or low fees and interest. This keeps your emergency fund separate from daily expenses.
- It's important that you choose an account that makes it easy to access your money quickly in case of an emergency. Pick an account that allows you to make withdrawals without penalty.

Set a Savings Goal:

- Aim to save at least \$100–200 per month. This might mean setting aside \$50 each week.
- Use a budget planner, notebook, or app to track your savings and spending.

Cut Non-Essential Expenses:

- Identify unnecessary expenses like dining out or impulse buys. Redirect that money into your emergency fund.
- Example: Make coffee at home instead of buying it.

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Month 3-4: Make Habits or Find Extra Money

Automate Your Savings:

- Set up automatic transfers from your checking account to your savings account each payday.
- Put sticky notes on your desk or mirror to remind yourself to save or create reminder notifications on your phone.

Eliminate Unnecessary Spending:

- Review your budget and cut more non-essentials.
- Example: Cancel unused subscriptions or memberships.

Find Extra Income:

- Look for ways to earn extra money, such as selling items you no longer need or taking on a part-time job.
- Add any extra income directly to your emergency fund.

Month 5-6: Maximize Savings and Reflect

Save Any Windfalls:

- Put any unexpected money, like tax refunds or bonuses, into your emergency fund. For example, you may get extra money if you:
 - get a tax refund
 - get a pay raise
 - sell something (such as a vehicle, jewelry, furniture)
 - get money as a gift
 - get a bonus at work

Continue Reducing Expenses:

- Keep finding ways to save more each week. Every little bit helps.
- Example: Use coupons, buy generic brands, or carpool to save on gas.

Review and Adjust Your Budget:

- Evaluate your progress and make any necessary adjustments to your budget to stay on track.
- Reflect on your savings habits and identify areas where you can continue to save even after the challenge.

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CHALLENGE COMPLETE!

Congratulations on completing the Emergency Fund Challenge! By saving \$1,000, you've created a financial buffer to handle unexpected expenses. While your emergency fund should be easy to access, don't let yourself be tempted by this money. Leave it intact for a real emergency. Before using all or part of your emergency fund, determine if you're really experiencing an emergency. Maybe the expense is something you can put off until you've had the opportunity to save. If you're not sure, go back to your list of needs and wants. An emergency is a major and sudden need that's not part of your current budget and that's unplanned.

Keep up the good work and continue building on these habits to maintain your financial health!

Disclaimer: The information provided is for informational and educational purposes only and does not constitute financial advice. The suggestions are general guidelines and may not be suitable for individual financial situations. Before making any financial decisions, it is advisable to consult with a financial advisor. Teladoc Health is not responsible for any financial decisions made as a result of this information.



Congratulations on completing the **Emergency Fund Challenge**

The journey of wellness is ongoing, and each step, no matter how small, is a victory to be celebrated. Keep pushing forward, embracing each day as an opportunity to live your best life.

