

Build It for Fund and Peace of Mind

by vcmorris - Thursday, September 10, 2009

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Everyone needs one: an emergency fund to see them through rough financial times.

It's recommended that we all save *at least* 3 to 6 months' worth of basic, monthly living expenses (ie: mortgage, rent, food, health insurance, homeowner's, renter's and car insurance) to protect ourselves from an unexpected financial strain and to also have a little peace of mind. Your emergency fund goal should be 12 months if you're self-employed.

Building an emergency fund might seem impossible when money is tight, but there are some clever ways to find extra cash.

So where can you find the extra cash to do that?

- **Check your home phone bill.** Do you really need long distance on your landline? If you get free nights and weekends on your cell/mobile phone - you can make your long distance calls for free.
- **Check your cell phone usage.** If you go over your monthly minutes allowance you could be paying exorbitant prices to maintain your cell phone. Then again, you might be using *fewer* minutes than you're paying for each month so it might pay to scale back to a cheaper plan with less minutes. Just be sure that you use *well below* the lesser allowance because if you go over - you will quickly negate those savings.
- **Make "no tax refund" your goal.** If you get a tax refund check each year, you're actually depriving yourself of extra money throughout the year. That big one-time refund check is exciting, but you're actually just giving Uncle Sam a yearlong, *interest-free* loan.
- **Check your W-4 form and adjust** your withholding allowances so that you see more money in your paycheck. (If you don't feel comfortable figuring out the withholding allowances and don't have a financial planner with whom you're working, check with your employer's Human Resources Department for assistance.) Put the extra money in a high-yield savings account to make it work for you throughout the year.
- **Closets jammed with clothes?** How much of what's sitting in your closet do you no longer wear? If you're looking for a little extra cash, drop it off at a consignment shop and collect money as it sells.
- **Do you have a jar of change at home?** Coin Star estimates that there's an average of 90-dollars in loose change per U.S. household and about 10-billion dollars in change sitting idle nationwide. That's no chump change. Coin Star machines convert your loose change to cash for a little less than 9% of the total - a bit pricey but a viable option to counting it yourself. There are more than 16-thousand Coin Star machines in supermarkets, drug stores and banks across the country. Convert your change to cash and get a jump-start on building your emergency fund.

Here's to your health and wealth!

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