ULLOA FINANCIAL

-Elevate your legacy-

# EMERGENCY FUND PLANNING GUIDE

A practical guide for building accessible savings that can support unexpected expenses and temporary income disruptions.

**How to use this guide**

Work through each section to estimate essential monthly expenses, consider the risks your household may face, choose a realistic savings target, and create a step-by-step funding plan. Revisit the guide after major changes in income, employment, family responsibilities, insurance, or housing.

## PLANNING INFORMATION

| | |
|---|---|
| **Name(s):** | |
| **Date completed:** | |
| **Monthly target date:** | |
| **Current emergency savings:** | |
| **Primary savings location:** | |

**PREPARE FOR THE UNEXPECTED WITHOUT LOSING SIGHT OF THE PLAN.**

## 1. WHAT AN EMERGENCY FUND IS

An emergency fund is money reserved for unplanned, necessary expenses or a temporary interruption in income.

- A loss or reduction of employment income
- Urgent medical, dental, or caregiving expenses
- Essential home, vehicle, or appliance repairs
- Unexpected travel related to a family emergency
- Insurance deductibles or costs not fully covered by insurance
- A temporary gap between jobs, benefits, or other income sources

**What it is not**

Emergency savings should generally not be used for predictable annual expenses, routine maintenance, holidays, vacations, elective purchases, or investment opportunities. Those goals are better supported through separate sinking funds or designated savings accounts.

## 2. WHY THE RIGHT AMOUNT IS PERSONAL

Common rules of thumb can provide a starting point, but the appropriate reserve depends on the household.

- ☐ Number and reliability of household income sources
- ☐ Employment stability and the time it may take to replace income
- ☐ Essential monthly expenses and debt obligations
- ☐ Number of dependents and caregiving responsibilities
- ☐ Health needs and insurance deductibles
- ☐ Home, vehicle, or business ownership responsibilities
- ☐ Availability of paid leave, severance, disability coverage, or family support
- ☐ Access to other liquid resources without penalties or market risk
- ☐ Comfort level with financial uncertainty

**Planning principle**

The goal is not to copy someone else’s target. It is to maintain enough accessible savings to help your household absorb a reasonable disruption without immediately relying on high-interest debt or selling long-term investments at an unfavorable time.

## 3. ESTIMATE ESSENTIAL MONTHLY EXPENSES

Focus on expenses that would need to continue during an emergency or income interruption.

| Expense category | What to include | Monthly amount |
|---|---|---|
| Housing | Mortgage or rent, property taxes, association fees | $ |
| Utilities | Electricity, water, gas, phone, internet | $ |
| Food | Groceries and necessary household supplies | $ |
| Transportation | Vehicle payment, fuel, insurance, essential transit | $ |
| Healthcare | Insurance premiums, prescriptions, recurring care | $ |
| Debt payments | Required minimum payments | $ |
| Family responsibilities | Childcare, eldercare, support obligations | $ |
| Insurance | Life, disability, property, auto, other essential premiums | $ |
| Other essentials | Necessary items not captured above | $ |

**TOTAL ESSENTIAL MONTHLY EXPENSES: $_______________**

**Be realistic**

Use recent statements or the Monthly Cash Flow Worksheet rather than relying only on memory. The emergency budget may be lower than normal spending, but it should still reflect obligations that cannot easily be paused.

## 4. CHOOSE A PRELIMINARY RESERVE RANGE

| Months of essentials | Monthly essentials | Estimated target | Notes |
|---|---|---|---|
| 1 month | $ | $ | |
| 3 months | $ | $ | |
| 6 months | $ | $ | |
| 9 months | $ | $ | |
| 12 months | $ | $ | |

## 5. EVALUATE HOUSEHOLD RISK FACTORS

Use these questions to decide whether your target should lean toward the lower or higher end of the range.

- ☐ Only one household member currently provides most income
- ☐ Income varies because of commissions, bonuses, seasonal work, or self-employment
- ☐ Employment is concentrated in a volatile industry or specialized role
- ☐ The household has limited paid leave, severance, or disability protection
- ☐ A job search could reasonably take several months
- ☐ The household supports children, older relatives, or other dependents
- ☐ The household has significant medical needs or high insurance deductibles
- ☐ The home, vehicle, or business may create large unexpected costs
- ☐ Debt payments consume a significant share of monthly income
- ☐ Access to reliable family support or other liquid resources is limited

**Interpreting the results**

More checked items may support a larger reserve. Fewer checked items, multiple stable income sources, strong insurance coverage, and readily available liquid resources may support a smaller reserve. This is a planning judgment, not a universal formula.

## 6. SET YOUR WORKING TARGET

| | |
|---|---|
| **Essential monthly expenses** | $ |
| **Selected number of months** | |
| **Preliminary reserve target** | $ |
| **Additional near-term risk allowance** | $ |
| **Less current emergency savings** | $ |
| **Remaining amount to build** | $ |

## TARGET RATIONALE

# 7. DECIDE WHERE TO KEEP EMERGENCY SAVINGS

The account should support safety, access, organization, and reasonable interest without exposing the funds to unnecessary risk.

- ☐ Funds are held in a liquid account that can be accessed when needed
- ☐ The account is separate from routine spending money
- ☐ The institution and account type are understood
- ☐ Fees, minimum balances, transfer limits, and withdrawal rules have been reviewed
- ☐ The account earns a competitive rate while preserving access
- ☐ Deposit insurance coverage and account ownership have been reviewed where applicable
- ☐ A trusted person can locate the account information during an emergency
- ☐ The funds are not exposed to normal market fluctuations or surrender charges

**Common account choices**

Many households use an insured savings account, high-yield savings account, or money market deposit account. Certificates of deposit may be suitable for a portion of a larger reserve only when maturity dates, early-withdrawal penalties, and access needs are carefully considered.

# ACCOUNT COMPARISON WORKSHEET

| Institution | Account type | Balance | Rate | Access time | Fees or limits |
|---|---|---|---|---|---|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**Avoid common mismatches**

Long-term investments, retirement accounts, home equity, and credit cards may provide access to funds, but they are not the same as dedicated emergency savings. Each can involve market losses, taxes, penalties, borrowing costs, approval requirements, or delayed access.

# 8. BUILD THE FUND STEP BY STEP

A smaller reserve built consistently is more useful than an ideal target that never becomes actionable.

- ☐ Choose a first milestone, such as $500, $1,000, or one month of essential expenses
- ☐ Set a realistic monthly transfer amount
- ☐ Automate transfers shortly after income is received
- ☐ Direct a portion of bonuses, tax refunds, gifts, or other irregular income to the fund
- ☐ Reduce or redirect one recurring expense to increase savings
- ☐ Keep planned annual expenses in separate sinking funds
- ☐ Increase contributions after a debt is repaid or income rises
- ☐ Track progress monthly without withdrawing for non-emergencies
- ☐ Celebrate each milestone and then set the next one

# FUNDING PLAN

| Source or action | Amount | Date or frequency |
|---|---|---|
| | $ | |
| | $ | |
| | $ | |
| | $ | |
| | $ | |
| | $ | |
| | $ | |

**ESTIMATED MONTHLY CONTRIBUTION: $______________**

**Estimate the timeline**

Remaining amount to build ÷ planned monthly contribution = approximate number of months. Irregular deposits can shorten the timeline, but the plan should not depend entirely on uncertain income.

## 9. USE AND REPLENISH THE FUND INTENTIONALLY

Before withdrawing, pause long enough to confirm that the expense is unexpected, necessary, and time-sensitive.

- ☐ Is the expense necessary rather than optional?
- ☐ Was it unexpected or impossible to reasonably plan for?
- ☐ Does delaying payment create a meaningful financial, health, safety, or family risk?
- ☐ Is insurance, a warranty, employer benefit, or another resource available?
- ☐ Can only the necessary amount be withdrawn?
- ☐ What is the plan for replenishing the account after the emergency?

## EMERGENCY WITHDRAWAL RECORD

| Date | Reason | Amount | Other resources used | Replenishment plan |
|---|---|---|---|---|
| | | $ | | |
| | | $ | | |
| | | $ | | |
| | | $ | | |
| | | $ | | |

## 10. REVIEW THE TARGET AFTER MAJOR CHANGES

- ☐ Marriage, divorce, birth, adoption, or a new dependent
- ☐ A job change, business launch, income reduction, or retirement
- ☐ A home purchase, move, refinancing, or major property responsibility
- ☐ A change in health, insurance coverage, or caregiving responsibilities
- ☐ A material increase or decrease in essential expenses
- ☐ Use of the fund for an emergency
- ☐ A major change in debt obligations or access to liquid resources

# YOUR EMERGENCY FUND ACTION PLAN

Choose a small number of practical steps that can be completed and reviewed.

| Priority action | Responsible person | Target date | Completed |
|---|---|---|---|
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |
| | | | ☐ |

# QUESTIONS TO DISCUSS WITH A FINANCIAL PROFESSIONAL

- ☐ How should our emergency reserve reflect income stability and household responsibilities?
- ☐ Should planned expenses be separated into additional savings accounts?
- ☐ How should emergency savings coordinate with debt repayment and investing?
- ☐ Are our insurance deductibles and coverage limits consistent with our available reserves?
- ☐ Where should the funds be held to balance access, safety, and interest?
- ☐ What changes would require us to revise the target?

# NOTES

**A practical next step**

Select one action you can complete this week. Examples include calculating essential monthly expenses, opening a dedicated savings account, or establishing an automatic transfer. Progress is built through consistent, manageable decisions.

## KNOWLEDGE IS THE FIRST STEP. A PLAN IS THE NEXT.

**Schedule a Conversation | Ulloa Financial**

**Educational Disclosure**

This material is provided for educational and informational purposes only and should not be considered individualized financial, investment, insurance, tax, or legal advice. The information presented may not apply to every individual or situation. Consult the appropriate financial, tax, legal, banking, or insurance professional before making decisions based on your personal circumstances. Account terms, rates, fees, access rules, and deposit insurance coverage vary by institution and account ownership.