

Emergency savings

Build an emergency fund, one step at a time

How much to save, where to keep it, and how to make saving automatic.

3-minute read • Updated October 2026 • Checked against its sources

**The short version**

- ✓ Build a cushion in steps: \$400 first, then \$1,000, then one month of essentials, then three months. Each step protects you on its own.
- ✓ Make saving automatic: move a set amount on payday into a separate, insured savings account.
- ✓ Big surprise bills are common: 6 in 10 adults had one in the past year, most often a car repair or replacement.

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Rather talk it through?

A volunteer financial adviser can help with your situation, one-on-one, for free.



Point your phone's camera at the code, or go to:

go.advisersgiveback.org/start

1

Start with \$400, then build in steps

You may have heard that you should save three to six months of expenses. That can feel too far away to start. The Consumer Financial Protection Bureau (CFPB), a federal agency, suggests a closer first goal. Start by saving what your past surprise bills cost. ¹

If you're not sure, start with \$400. Then build your cushion in steps. Each step protects you on its own:

- 1 \$400.**
Enough for a smaller surprise, like a minor repair or a copay, without borrowing.
- 2 \$1,000.**
Enough for some big bills, and a good start on most. In 2025, a typical major car, home or medical bill cost \$1,000 to \$1,999. ²

- 3

One month of essentials.
What you'd still pay in a hard month: rent or mortgage, utilities, food, transportation, insurance and minimum debt payments.
- 4

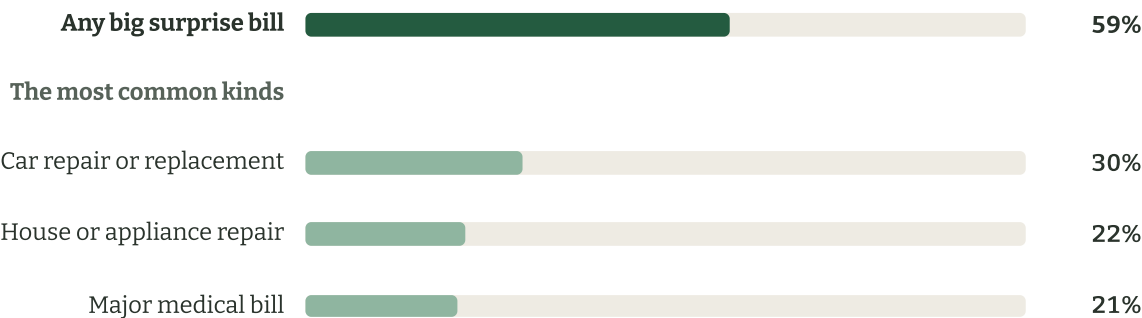
Three months of essentials.
Room to breathe if your income drops or stops.

2

Surprise bills happen to most people

6 in 10 adults had a big surprise bill in the past year

Share of U.S. adults, surveyed in October 2025



Adults could name more than one.

Source: Federal Reserve Board, Economic Well-Being of U.S. Households in 2025 (May 2026)

A cushion turns bills like these into an ordinary week instead of a crisis.

3

How long each step takes

Worked example

Scan the code to try your own numbers, or go to advisersgiveback.org/resources/not-if-but-when/



Essentials each month **\$2,500**

Saving each month **\$100**

Already saved **\$0**

- 1

4 months
to reach \$400
- 2

10 months
to reach \$1,000
- 3

2 years, 1 month
to reach one month of
essentials (\$2,500)
- 4

6 years, 3 months
to reach three months of
essentials (\$7,500)

The first steps come soonest. The later ones are long-term goals.

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Make saving automatic

The easiest money to save is money you never see. The CFPB suggests two ways to set that up: ¹

- **A recurring transfer.** Your bank or credit union moves a set amount from checking to savings on every payday.
- **A split direct deposit.** Your employer sends part of each paycheck straight to your savings account.

What matters most is that it happens every time, without you having to decide.



Try it this week

Set up a \$10 transfer for your next payday. Then put a reminder on your calendar for three months from now, to see if you can raise it.

5

Save part of a refund or a gift

One-time money can move you up a step at once. The CFPB suggests saving all or part of a tax refund or a cash gift. ¹

Our guide to [making your refund work for you](#) shows one way to split it.

Online: advisersgiveback.org/resources/make-your-refund-work-for-you/

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Keep it safe, separate and earning

Keep your emergency fund somewhere you can reach in a day or two. For most people, that's a savings account at a bank or credit union, not the stock market. Stocks can lose value right when you need the money. Investing is for goals that are years away, as our [step-by-step guide to investing](#) explains.

Online: advisersgiveback.org/resources/investing-first-steps/

- **Safe.** Choose a bank or credit union with federal insurance: look for the official FDIC or NCUA sign. If it ever fails, you get your money back, up to \$250,000. ^{3 4}
- **Separate.** Keep it where you won't be tempted to spend it on things that aren't emergencies. ¹ A separate account, or even a separate bank, adds a helpful pause. Give it a name that says its job, like "Surprise bills."

- **Earning a little.** The national average rate on savings accounts was 0.37% in September 2026, about \$3.70 a year on \$1,000. ⁵ Some banks pay more, so compare rates, and any fees, before you choose.

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When you use it, refill it

Using your emergency fund isn't a failure. It's the fund doing its job. When a surprise comes, pay for it, then keep your automatic transfer going and rebuild.

Questions to bring to your adviser

A volunteer adviser is ready when you are.

Weighing a cushion, debt and other goals at once? A volunteer adviser can help you decide what comes first.

go.advisersgiveback.org/start



Sources

1. Consumer Financial Protection Bureau, An essential guide to building an emergency fund, Last modified October 29, 2025. consumerfinance.gov/an-essential-guide-to-building-an-emergency-fund/

2. Federal Reserve Board, Economic Well-Being of U.S. Households in 2025, May 2026. The Survey of Household Economics and Decisionmaking, conducted in October 2025: table 23 and figure 23. federalreserve.gov/publications/files/2025-report-economic-well-being-us-households-202605.pdf
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4. National Credit Union Administration, Share Insurance Coverage, Last modified May 20, 2025. ncua.gov/consumers/share-insurance-coverage

5. Federal Deposit Insurance Corporation, National Rates and Rate Caps – September 2026, Rates as of September 21, 2026. fdic.gov/national-rates-and-rate-caps/national-rates-and-rate-caps-september-2026

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