



## Stage 5

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# Emergency Fund



## Freedom Stages

1. Plan your financial freedom
2. Mini emergency fund
3. Protect your income (with insurance)
4. The debt snowball
5. Emergency fund
6. Healthy housing
7. Wealth Creation
8. Generosity



## Did you know?

Australia has some of the world's highest consumer debt as a percentage of income.

It has been reported that up to 25% of Australians have less than \$1,000 in savings.





## What could go wrong?

- Pandemic
- Lose your job
- Medical Issues
- House burns down
- Holiday from hell
- Major house repairs
- Need to replace vehicle
- Business downturn





Freedom Stage 5

## **Emergency Fund**

A full emergency fund is the amount you anticipate will get you through a major financial emergency (usually 3-6 months worth of expenses)

This is kept in a separate bank account and not invested. It is insurance, not an investment.

When you go through an emergency and draw from this account, it allows you to avoid debt. Then you build the emergency fund up again from your discretionary spend by pausing discretionary investment.



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