

Emergencies Never Cease

The Motley Fool

By Mary Dalrymple

It's a little bit morbid, but take a second to flip through your local paper and notice all the bad news. You may see local businesses laying off workers, car accidents, health costs hitting record highs, and lots of other depressing things. (Then go read the cute animal feature to cheer yourself up.)

If you can stand to do this exercise, you might notice that none of these misfortunes pick their victims by first peering into their finances to see if they could handle a minor (or major) catastrophe. The driver of that brand-new out-of-control SUV doesn't bother to peek at your checkbook register before t-boning your old station wagon.

Don't wait

Since an unforeseen calamity could hit you at any time, it doesn't pay to put off building an emergency fund. As tempting as it may be to promise yourself that you'll start as soon as you get a better paying job, or a raise, or you finally learn to stick to a budget, an emergency may not wait that long.

With that in mind, here are a few things you might want to consider at each stage of life while building those safety reserves. You've probably heard the [recommendation](#) that everyone have three to six months of expenses stashed away. Start there, and get to work!

20s

The last thing you may want to do at this stage is reduce your meager buying power by saving a lot of money. Although you may not be bringing in top wages, saving may not be so difficult since you probably have few other financial responsibilities. Establish the habit early, and you'll also make it easier on yourself to keep saving as the years go by. This may also be a time when you're highly vulnerable to credit card debt. Building an emergency fund, however slowly, can protect you from getting crushed under consumer credit payments.

30s

This age may see you picking up new responsibilities faster than a toddler rolling downhill. Buy a house, start a family, open those college funds, get serious about saving for retirement, and you may find it harder than ever to find a few extra dollars for an emergency fund. But, that safety cushion may be more important than ever. You have more things at stake to protect. Now's the time to assess whether the recommended three to six months will give you enough of a cushion to weather any unexpected storms.

40s

Who says you're over the hill? You may just be hitting your stride, getting established in your career, and seeing your salary climb. If you have to fill any gaps in your emergency fund, this may be a prime opportunity. At the same time, your monthly expenses may have changed a lot since you last established your safety cushion's savings target. It's a good time to rerun the numbers and rethink just how much you need to sleep soundly at night.

50s

You may be thinking more about retirement than anything else right now, but this could be a time when you're more vulnerable to financial setbacks. Health problems may crop up that keep you from working. It could be harder to recover from a job loss. If you've been in the same industry for your entire career, take a good look at its health. Can you expect it to thrive for another decade or two while you're still working? Alternatively, you may have decided you want a change in your career or lifestyle. Ask yourself whether any of these things mean you need a little extra padding in that emergency fund, just in case.

60s

Unless you want to keep working forever, you've definitely got golf and shuffleboard on the brain now. You probably have a retirement plan and date (and maybe even a party!) all planned. Use your emergency fund to protect that transition from work to leisure. You can lean on it if your health starts to suffer and you have to stop working earlier than planned or you need to patch your health insurance coverage. It might come in useful if you decide you want to reduce your working hours or quit altogether before all your retirement benefits become available.

Convinced? Head to our [Savings Center](#) to get the lowdown on how to get your emergency fund up to snuff.

Emergency funds aren't the only financial changes you need to weather the storm. You can get lots of help adapting to life's changing responsibilities by walking through the [Motley Fool Green Light](#) newsletter. Head toward the [Money Answers](#) and find solutions to whatever financial questions you're pondering at this stage in life.

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