

Are you prepared for emergency expenses?



The Canadian Payroll Association (CPA) recently released the results of a survey of employees which shows a concerning trend. Although working Canadians have increased confidence in the economy, many are not taking advantage of good economic times to pay down debt. One in five survey respondents would not have \$2,000 easily available if they faced an emergency expense. In fact, debt levels are growing.

[40% of working Canadians feel overwhelmed by their debt level, compared to 35% last year. According to the survey, “43% say it will take more than 10 years to pay down their debt \(up from 42% in 2017 and 36% in 2016\). And 12% believe they will never be debt free.”](#)

Feeling overwhelmed by debt and undersaving in a good economic climate should be a red flag for working Canadians, as these stresses will only worsen during a market downturn. You'll sleep better at night if you know you've been salting away money in an emergency fund. A good rule of thumb is to have enough funds to cover three to six months of expenses.

How do you build up your emergency fund?

Saving enough money to cover emergency expenses may seem overwhelming, but remember you can start small and build it over time—and the sooner you begin, the better. Here are some tips to get help you get on track:

1. Using a tool like a [budget calculator](#), break your savings plan into manageable steps by deciding how much you can afford to put away each month to reach your target amount. Your plan should include some short term emergency money and some longer term but still easily accessible investments.
2. Remember that little changes can make a big impact. Doing a meal plan so you can shop once a week and reduce impulse buys is a great way to find extra money for your savings.
3. Set up an automatic payroll transfer to your emergency savings account so you can save for the future before spending your pay cheque.
4. Review your budget regularly so you can take advantage of changing circumstances (like paying off a debt!) to increase your savings.
5. Don't raid your emergency fund for anything other than an emergency. Vacations and new technology like the latest phone or laptop are not emergencies.
6. Click the link to register for Financial Consultant Nikki Mahy's webinar [11 Easy Ways to Save Money](#) for more tips!

If you have any questions about your savings strategy or ability to pay down debt, don't hesitate to contact one of our [caring experts](#) for advice and easy tools to help you reach your financial goals. We focus on understanding your needs in order to give you the right advice, services and products to help you reach the future you want.