

# Identity Property Buyers

NEWSLETTER #039



## How Much Should You Have In A Rainy Day Fund?

**Welcome back** to the next instalment in the IDentity Property Buyers Newsletter series. Today's chat is a look into what amount of money you should seriously consider having locked away in a rainy day account.

As you can imagine there is no one size fits all here with respect to how much you should allocate. It is however safe to say that running your finances close to the limit is fraught with danger, as a simple vehicle breakdown or hot water service failure can push you over the edge.

I am always surprised by the amount of people I speak with that have minimal allocation of funds set aside for emergency use. Don't for one second think that this is only an issue with lower income earners. I have seen middle income earners along with high income families run their finances up against the line.





So here is a simple guide you can use to quantify the amount of emergency funds you should be allocating to your rainy day fund.

Essentially you should be targeting having approximately 6 months worth of living expenses set aside as a buffer in this fund. When I say expenses I mean everything that you **need** to spend in order to live comfortably. You should be excluding the **wants** such as the discretionary spend items that you would like but don't necessarily need.

To clarify you need to be including expenses like: Rent/loan repayments, utilities, rates, food, phone, basic clothing, medications, schooling needs, insurances, etc.



The reality is that it does not matter if your rainy day fund number is 25k or 50k, the important thing to know is that it is sitting there just in case you need it.

## What is your number?

If you are part of the group of Australians who don't have a rainy day fund sitting there for the just in case, don't drop your head. The fact that you are reading this means you are now thinking about it, and as a next step can actually do something about it.

You don't need to suddenly come up with 50k, all you have to do is start putting a small amount of money in every pay day and after a while you will have reached your target number.





A sensible timeline to try and get to your target number would be approximately two years. The best way to consistently make this contribution would be to do it straight after you have been paid, and then proceed to live off the remainder.

Saving this money is not necessarily about how much you earn, it is more about how much you spend. So creating this buffer is all about financial discipline and avoiding the temptation to spend too much on the wants not the needs.

The next thing to consider is where to put this money. Cash under the bed is not very safe and in a savings account will likely yield next to nothing in terms of interest earned. If you have an existing bank loan then I would consider placing it in an offset account so that it saves you a couple of percent in interest on your home loan.

Work out your number and...

## Start Building Your Rainy Day Fund



Let our professionals at IDentity Property Buyers help you avoid all those costly mistakes and provide you with a fantastic experience and an exceptional end result....



Make contact today and schedule in a **Free, No Obligation** chat with one of our Buyers Agents & Property Strategists.

Don't get left behind when the market is moving, take control with your very next steps in a professional way today!

MAKE CONTACT

web: [www.identitypropertybuyers.com.au](http://www.identitypropertybuyers.com.au)

email: [greg@identitypropertybuyers.com.au](mailto:greg@identitypropertybuyers.com.au)

Phone: +61 (0) 491 759 126

Written by Greg Egerton Buyers Agent & Property Strategist



At IDentity Property Buyers we build Investment Portfolio Plans for clients who want exceptional results.

SIGNUP HERE

Signup to our **Free Newsletter** & receive valuable information on Purchasing Tactics, Market Trends, Investment Strategies and much more.

Disclaimer - This information does not constitute personal advice and should only be used for general discussion purposes only.