

The emergency fund

Lesson: zerotoinvest.com/en/lesson/emergency-fund/

Name _____

Date _____

EXERCISE 1

Lisa spends \$1,900 a month and has a secure job with no children. How large should her emergency fund be at least, and how large at six months?

Your answer

EXERCISE 2

Lisa has already saved \$3,200. Her goal is \$5,700. How many months does she need at \$250 a month?

Your answer

EXERCISE 3

Tom takes home \$2,800 and spends \$2,100. What amount does he use for three months?

Your answer

EXERCISE 4

\$10,000 sits in a savings account as an emergency fund. A portfolio might have earned about 4 percentage points more on average. What does the fund cost per year?

Your answer

Tip: the calculators on zerotoinvest.com help you check your answers.

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Solutions: The emergency fund

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Exercise 1. $3 \times \$1,900 = \$5,700$. At six months: $6 \times \$1,900 = \$11,400$.

Exercise 2. \$2,500 is missing. $\$2,500 \div \$250 = 10$ months.

Exercise 3. With his spending, not his income: $3 \times \$2,100 = \$6,300$.

Exercise 4. $\$10,000 \times 4$ percent = \$400 of return given up per year, the price of safety.

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