

The ups and downs of saving A year in the life of emergency savings

Meet Sid

Sid has two financial goals this year

- Save one month of essential expenses (\$1,500)
- Increase 401(k) contributions by 1% annually



Sid's scenario:

Annual salary: \$50,000

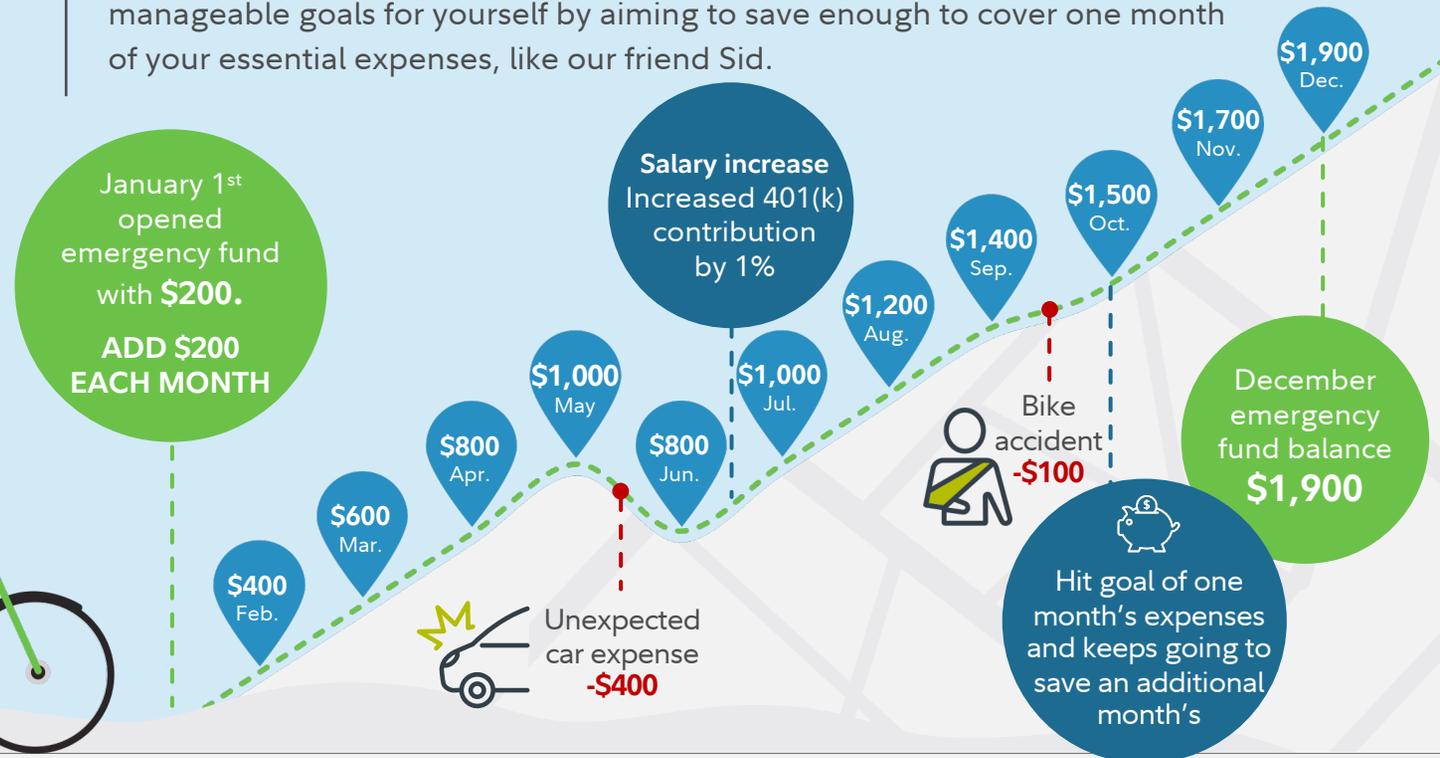
Monthly essential expenses: \$1,500

401(k) contribution: 3% (and receiving 3% employer match)

Emergency savings: \$200 per month

Are you prepared if you need to access money fast without hurting your long-term savings goals? For example, the current pandemic has caused **1 in 5** people to consider taking a loan or a withdrawal from their retirement savings plan.*

Fidelity recommends aiming to save 3-6 months of essential expenses in an emergency savings account. While this may seem like a lot, you can set more manageable goals for yourself by aiming to save enough to cover one month of your essential expenses, like our friend Sid.



Are you ready to get started?

Here are some simple steps to think about:

- Understand your spending so you can make saving for unexpected expenses a priority
- Open an emergency savings account and set up a direct deposit every month from your paycheck
- Once you meet your short-term goals focus on longer-term goals like increasing contributions to your retirement savings

Need more help? [Check out our OnDemand webinar that explores three ways you can start feeling good about your finances.](#)

Hypothetical example for illustrative purposes only. Balances represent amounts at the end of the month. Deposits and emergency withdrawals are assumed to happen during the month. No taxes fees or interest are included.

Investing involves risk, including risk of loss.

* Fidelity Investments Market Uncertainty Study, April 2020, a nationwide survey of 1.6k adults 18 years of age or older with at least one investment account.

This analysis is based on 716 working adults with a workplace retirement savings plan. The study was fielded from April 1-8, 2020 by ENGINE INSIGHTS, an independent research firm not affiliated with Fidelity Investments. The results of this survey may not be representative of all adults meeting the same criteria as those surveyed for this study.

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