

Record of Savings

Account	Amount	Total
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Emergency

\$1k Cash	_____	
3-6 Months Cash	_____	
Other	_____	_____

Home

Insurance	_____	
Taxes	_____	
Repairs	_____	
Replace Appliances	_____	
Replace Furniture	_____	
Other	_____	_____

Transportation

Auto Insurance	_____	
Replacement fund	_____	
Repairs + Tires	_____	
Other	_____	_____

School

College Fund	_____	
School Supplies	_____	
School Tuition	_____	
Other	_____	_____

Health

Life Insurance	_____	
Doctor	_____	
Dentist	_____	
Optometrist	_____	
Other	_____	_____

Holidays

Gifts (Christmas, etc)	_____	
Vacation	_____	
Other	_____	_____

Total Savings: _____

Record of Savings

Savings Breakdown

What is a record of savings?

A savings record allocates each dollar that enters the savings account. It is a monthly reminder that every dollar in the savings account has been committed to something. When proper saving techniques are in force, all emergency and non-monthly expenses can be satisfied without the need for debt. The savings account essentially becomes its own bank, lending money interest free under the assumption that it will promptly be repaid.

Basic Instructions

Although each category is labeled as an account, there normally are only two physical bank accounts. The first is the 3-6 month emergency account, and the last is the standard savings account. The emergency account should not be connected to any debit cards, or used as overdraft protection to any other account. It is a lone account.

Emergency Accounts

The first priority is to fill the emergency accounts, starting with the emergency \$1,000 cash account. This first emergency account is typically stored in a safe place in the home, and consists of ten \$100 bills. The large bills deter from any impulse spending. As an alternative, this money could be stored in a standard savings account. If at any time money is removed from this account, all other saving activities are halted until the account is refilled.

The 3-6 month emergency account is the second priority. Only once the \$1,000 emergency cash account has been filled will this account be increased. Once filled, the money should stay in a liquid form, meaning that it can be converted into cash within a few days. For this reason, bonds or other similar investments are never used. The purpose is to provide an emergency cushion, not an investment portfolio. Typically the money in this account should provide for up to 6 months of critical expenses, or 3 months of take home income. Although amount will vary from person to person, the average amount typically is around \$10,000.

First Things First

Once all emergency accounts are full, the other categories may be filled according to importance. Typically money is allocated to several categories each month, however if special circumstances are expected in the near future (such as medical fees in the birth of a new child), then that particular account may receive the entire months savings.

Final Note

Some special college savings accounts limit the number of deposits per year. If this is not the case, then the "College Fund" account may be removed from the savings record and transferred to that special account.