

How to build an emergency fund

Audio transcript

An emergency fund is money you put aside to cover a financial shock.

You can start your own emergency fund in 4 simple steps.

1. Decide how much you need – 3 to 6 months' worth of living expenses is recommended.
2. Start saving each month – set up a standing order to move money into a savings account.
3. Decide what an 'emergency' may be and what the money can be used for.
4. Keep the fund topped up – if you have to use your emergency fund, make a plan to top it back up in case you need it again.