

# How to Save for Big Events

Get in the habit of saving more by putting money aside for these big events.

## AN EMERGENCY SAVINGS FUND

This is more than just “saving for a rainy day.” This fund will cover you if you’re laid off from your job or face an unexpected health or financial emergency. Try to have at least three months saved.

- **Start small.** If you don’t have much to put in, put aside whatever you can, no matter how small. It’ll add up over time.
- **Treat it like a bill.** Make your emergency fund part of your monthly bills. When all of your bills are paid, move any remaining funds into your savings account.
- **Save your savings.** When you pay off or save money on a bill, put the amount you would normally set aside for that expense into your emergency fund.

## A DOWN PAYMENT ON A HOME

The larger your down payment, the more equity you’ll have in your home. Saving takes time, but be patient and focused on the end goal of homeownership.

- **Open a savings account** dedicated to your down payment fund.
- **Automatically transfer** money each month.
- **Save your tax refunds,** inheritances and any other windfalls.
- **Look for opportunities to make money,** whether it’s doing overtime at work or taking a second job.



## YOUR CHILDREN'S EDUCATION

If you want to pay for your children’s education, it’s best to start early.

- **Contribute to a tax-advantaged college funding plan,** such as a 529 college savings plan or other qualified tuition programs. Invest after-tax money into the plan and withdraw the funds tax-free to use toward qualified education expenses, college tuition and books.
- **Open a custodial account,** such as a Coverdell Education Savings Account, to cover any educational expenses, including those for K-12 costs and private school tuition. Be aware that income and contribution limits may apply.
- **Use Roth IRA as a college savings tool.** Contribute after-tax money and investment gains that can be withdrawn tax-free later. You can withdraw funds tax- and penalty-free to pay for qualifying educational expenses after five years; however, some income and contribution limits may apply.
- **Look into Prepaid College Tuition Plans,** which allow you to lock into college tuition now at current prices with a participating school.
- **Encourage your child to save.** Whether it’s birthday and holiday money or their own earnings, advise them to put as much as possible away for college.

## RETIREMENT

Maintain your lifestyle in your golden years with these tips.

- **Maximize your contributions** to your IRA and 401(k). The older you are, the more you’re allowed to contribute to “catch up.”
- **Put 10-15% of your annual income** into a retirement account, if possible.
- **Invest wisely;** many retirees live on the interest accrued on their investments.

