

# Financial Advisor Anamika Madan Emphasizes the Importance of Having an Emergency Financial Fund

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GREENWICH, CT, UNITED STATES, November 16, 2020 /EINPresswire.com/ -- The year 2020 has had major impacts on the finances of citizens across the country and around the globe. The coronavirus pandemic has proven, in many ways, why an emergency financial fund is something everyone should possess, when possible. Financial advisor Anamika Madan recently emphasized the importance of starting your emergency fund today.

"Emergency funds prevent major financial problems. They can keep your family afloat in times of crisis without having to fall into more debt," Anamika Madan said. "Borrowing more during a time of financial stress only digs you deeper into a hole that becomes very difficult to escape."

Anamika Madan explained that she and other financial advisors understand that not everyone has the financial padding to create an emergency fund. However, she added that there's no better time than now to start, even if you begin by putting just a few spare dollars in a jar. Ultimately, Anamika Madan explained the goal is to have enough money in your bank account to cover three to six months of living expenses without work.

"Knowing that you can comfortably survive for three to six months without work eliminates a lot of the stress associated with losing a job," Anamika Madan said. "It also allows you the time needed to find a superior job, as you won't necessarily have to take the first opportunity available."



Anamika Madan

Anamika Madan explained that those who can not set aside three to six months of expenses should start with a goal of saving \$500. Even this small amount can save many people from financial difficulties. It can be the money used to pay the electrical bill or repair a vehicle when no other funds are [available. Anamika Madan](#) suggested setting \$500 aside and building the fund from there.

"Starting an emergency fund doesn't need to be a major financial event," Anamika Madan said. "Simply start with a monthly savings goal and drop a few dollars into a jar at home whenever possible. Allow the jar to fill and move it into a bank account."

Anamika Madan suggested a few other ways to begin an emergency financial fund, such as asking your workplace to move part of your paycheck into your emergency fund bank account. Also, putting your tax refund directly into the bank, as opposed to taking a vacation or purchasing a frivolous item, can be a quick and easy way to start a substantial emergency fund.

Anamika Madan finished by stating it's important to know when to dip into your emergency fund. She suggests keeping it untouched for as long as possible. She explained that regular car maintenance, vacations, groceries, and clothing are typical expenses and generally don't warrant dipping into your emergency fund. Save this money for events that are truly unexpected, such as loss of work due to the COVID-19 pandemic or another financial storm.

Source: <https://www.nerdwallet.com/article/banking/savings/emergency-fund-why-it-matters#:~:text=Emergency%20funds%20create%20a%20financial,help%20you%20avoid%20borrowing%20more>.

Caroline Hunter  
Web Presence, LLC  
+17862338220  
[email us here](#)

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