

Name _____

Rainy Days and Emergency Funds: Why They Matter in Budgeting

Short Answer Key

1. Answers may vary but should include a definition of an emergency fund and its importance in providing financial security during unexpected situations.
2. Answers may vary but should include setting a specific savings goal, creating a budget, automating savings, starting small, using windfalls, and keeping the fund separate.
3. Answers may include reduced stress, peace of mind, confidence in handling emergencies, and better financial decision-making.
4. "Paying yourself first" means prioritizing saving for your emergency fund by setting aside a portion of your income before spending on other expenses. This approach ensures consistent savings and financial preparedness.

