

[Fox News](#)

[Fox Business](#)

[uReport](#)

[Fox News Radio](#)

[Fox News Latino](#)

[Fox Nation](#)

[Fox News Insider](#)

[Login](#)



Search Stocks & Keywords

[Search](#)

[Sequestration](#)

[Tax Flight From California](#)

[Retirement](#)

[Regulation Nation](#)

[Market Check](#)

[Home](#)

[Video](#)

[News](#)

[Investing](#)

[Technology](#)

[Personal Finance](#)

[Business Leaders](#)

[On Air](#)

[Small Business](#)

[Home & Mortgage](#)

[Career](#)

[College Planning](#)

[Lifestyle & Budget](#)

[Health Care](#)

[Retirement](#)

[Taxes](#)

[Tools & Calculators](#)

[Slideshows](#)

Fear factor: Americans have stashed cash for the unexpected

by Emmet Pierce Published February 18, 2011 Money Rates

Print

Email

Share

Like 0

Tweet 8

Share 1

An overwhelming majority of readers who responded to a joint MSN Money/MoneyRates.com online poll say they have prepared for unanticipated twists in the economy by creating emergency funds.

The online poll, which ran from Feb. 8-11 and drew 26,409 responses, asked how long readers could live on their emergency funds if they lost their jobs today. Forty percent said they could last more than a year, followed by 11 percent at a single year, 15 percent at six months, 12 percent at three months and 8 percent at a single month. Only 14 percent said they had no emergency savings.

One of the basics of sound financial planning is establishing a fund for unforeseen expenses. Financial planners typically recommend an emergency fund equal to between three and six months of normal expenses.

The poll response reflects the fear and anxiety people feel over the prolonged recession. With unemployment high and many people still losing homes to foreclosure, it's easy to understand the importance of saving for emergencies, says Thad Pugmire, CFP, of Financial Planning Consultants in San Diego.

"People have had a difficult education," he says. "They are learning to be a little more conservative. Sometimes adversity is a good teacher." The generation that was raised during the Great Depression--the parents of the Baby Boomers--emerged with sound understanding of the need for saving, he explains.

Ideally, an emergency fund is liquid and accessible on short notice. The idea is to avoid having to sell equities and bonds during an economic downturn. Although the purpose is not financial growth, some people worry about the low returns available from even the [best savings accounts](#), money market accounts and checking accounts.

Chad Nehring, CFP, of Conceptual Financial Planning in Appleton, Wis., recommends "laddering" a CD portfolio to keep some money available for emergencies while maximizing your return. For example, if you buy a one-year, a two-year and a three-year CD, you are never more than 12 months away from part of your funds. The longer the CD terms, the higher the interest rates. As each CD matures, you can roll it over into a new one, giving you access to

FOLLOW FOX BUSINESS

Follow Our Monthly Newsletter

Enter Email Address

Like 98k

RECOMMENDED VIDEOS



3 signs you should leave your job



Ramsey: You Can't Afford Not to Be Investing Long Term



Bolling: Sequestration Doesn't Really Cut Spending



Diet: Obama Administration Leading U.S. Into Destruction

TRENDING IN PERSONAL FINANCE

- The New Definition of Retirement**
- How the Rich (and Poor) Avoid Paying Income Taxes**
- Inheritance 101: How to Pass On Financial Wisdom**
- Sequestration: When Will You Feel the Pain?**
- Concepts of Smart Investing May Depend on the Type of Car You Drive**

[See all trends](#)

Tax News

the [best CD rates](#).

Not everyone thinks consumers should rely heavily on emergency funds. Carolyn Taylor, CFP, of Weatherly Asset Management in Del Mar, Calif., says rather than tying up six months' worth of expenses, some people may be better off relying on limited use of [credit cards](#) with low interest rates. Taylor also advises clients who need to reduce their expenses to check out mortgage refinance rates. Current mortgage rates remain at historic lows.

People who create a large financial cushion may decide to tap into it to pay down debt or increase retirement savings. Kelley C. Long, CPA, a financial coach in Chicago, cautions clients to first make sure they are paying all of their bills on time. If there is a shortfall between earnings and expenses, she recommends temporarily decreasing retirement savings. "It takes much longer to recover from a black mark on a credit report than it does to do some catch-up savings, once income increases," she says.

The original article can be found at Money-Rates.com:

["Fear factor: Americans have stashed cash for the unexpected"](#)

Kotok: Tax Hike a Smack in the Gut for Working Americans

Final Day: Lawmakers Scramble to Avert Cuts
Sorting Fact from Fiction on Taxing Tips

BANK RATES

[Bankrate.com](#)

Mortgage	Home Equity	Autos	CD Rates		
	Loan Type		Graph	Rate +/-	Last
	30 Y Fixed			3.67%	3.5
	15 Y Fixed			2.93%	2.8
	30 Y Fixed Jumbo			4.12%	4.1
	5/1 ARM			2.83%	2.7
	5/1 Jumbo ARM			2.95% --	2.9

Find Personalized Rates

Enter Zip Code

MORE FROM MONEY RATES

MORE FROM FOX BUSINESS

- [How the Rich \(and Poor\) Avoid Paying Income Taxes](#)
- [\\$12K in Checking? You're Lemon-ing](#)
- [Baby Boomers Take Biggest Career Risks](#)
- [Retirement Checklist: What to Do in 2013](#)
- [Macy's CEO: 'Sick to My Stomach' Over Martha Stewart Deal](#)
- [U.S. shale gas revolution throws down the gauntlet to Europe](#)

FROM AROUND THE WEB

- [Interest rate predictions in 2013 \(Bankrate.com\)](#)
- [Boomers Report No Savings at All \(AARP.org\)](#)
- [Which Lightbulbs Save the Most Money? \(Daily Finance\)](#)
- [10 Cheapest Places to Live in the U.S. \(Kiplinger\)](#)
- [Americans Rip Up Retirement Plans \(Wall Street Journal\)](#)
- [Photographer Captures Domestic Violence & Is Criticized for Not Stopping It \(CafeMom\)](#)

[What's This?]

SHARE THIS ARTICLE

0 Like

8

0

NEWSLETTER SIGNUP

Subscribe to our weekly newsletter for our best personal finance news.

MORE FROM FOX BUSINESS

STOCKS
Data as of 11:48:00am ET

DJIA +37.80 14,092.29
NASDAQ +8.32 3,168.51

S&P 500 +3.99 1,518.67
FOX 50 +2.44 1,097.26

TOP STORIES



Obama Blames GOP for Failure to Avert Sequestration

In a press conference following an unsuccessful meeting with congressional

News
[Sequestration Not Living Up to Past 'Crises'](#)

News
[Stocks Cut Losses as Data Offset Euro Worries](#)

Business Leaders
[Sequester: A Lesson in Dysfunctional Leadership](#)

POPULAR VIDEOS



Sen. Rand Paul: Sequester Doesn't Cut Enough



Is the Media Tide Turning on Obama?



Why Fewer Babies Could Hurt the Economy



Best Buy Reports 4Q Earnings

leaders, President Obama said Republicans are to blame for allowing the sweeping spending cuts that will go into effect tonight.

News
[Is the NHL Recession Proof?](#)

Sen. Rand Paul, (R-Ky.), on sequester cuts and discretionary spending.

School Closings, Meat Shortages: Are the Sequester Warnings Just Hype?

ALSO ON THE WEB



- Slide Show: 5 innovations from at-home workers
- The Week in Charts: Bank failures drop as deposits rush in
- Metals Stocks: Gold edges lower after two-session selloff
- Health-care Stocks: Intuitive Surgical starts comeback after plunge
- Audio: Solid economic reports trumping sequester fears?



- Forbes: Best Paying Jobs for Women 2013
- Say Goodbye to These McDonald's Menu Items
- Optimistic Wall Street Ignores Washington Woes
- A Sears Slide Sets Up Options Potential for Investors
- Facebook Buys Ad Tech From Microsoft



- Polaris Industries Inc. to Present at The Raymond James Institutional Investors Conference
- Why J.C. Penney Is Poised to Keep Plunging
- Employers Holdings, Inc. Announces Upcoming Meetings with Investors
- Loews Hotels & Resorts and DRW Trading Group Hold Ceremonial Groundbreaking for Loews Chicago Hotel
- Huntsman Prices Additional \$250 Million Offering at 4.875%

SECTIONS

- Home
- Video
- News
- Investing
- Technology
- Personal Finance
- Business Leaders
- On Air
- Small Business

BROWSE

- Trending
- Stock Quotes
- Video
- anchors & Reporters
- TV Show Schedule
- Tools
- Topics
- Mobile
- Apps & Downloads

SHOWS

- After the Bell
- Cavuto
- Closing Bell
- Imus in the Morning
- Lou Dobbs Tonight
- Markets Now
- Money with Melissa Francis
- Stossel
- Tom Sullivan
- Varney & Company
- The Willis Report

ABOUT

- About Fox Business
- Channel Finder
- Advertise With Us
- Jobs at Fox Business
- Internships
- Terms of Use
- Privacy Statement
- Ad Choices
- Media Relations

FOLLOW

- Facebook
- Twitter
- Google+
- LinkedIn
- RSS
- Newsletters



Quotes delayed at least 15 minutes. Real-time quotes provided by **BATS Exchange**. Market Data provided by Interactive Data (**Terms & Conditions**). Powered and Implemented by **Interactive Data Managed Solutions**. Company fundamental data provided by **Morningstar**. Earnings estimates data provided by Zacks. Mutual fund and ETF data provided by **Lipper**. Economic data provided by Econoday. Dow Jones & Company Terms & Conditions.

This material may not be published, broadcast, rewritten, or redistributed. ©2013 FOX News Network, LLC. All rights reserved.