



BLACK WALNUT
WEALTH MANAGEMENT



Should you always keep an emergency fund?

You've probably heard that you should have an emergency fund. The purpose? To tide you over for a few months in case you lose your job.

So does that mean you can stop worrying about maintaining this rainy day account once you retire?

Not really. Retirees should probably consider keeping their emergency funds intact for several reasons.

Here's why this is a smart strategy to think about:

1. Unexpected expenses. No matter what age you are, your roof can leak, your car can fail or your pet can require surgery. It's wise to have cash available to cover expenses like these.

2. Market fluctuations. If your portfolio is set up to sell a certain amount of stocks or bonds each year to fund your retirement, you're probably hoping to sell investments when they're doing well. Having emergency savings can help prevent you from selling investments at a loss if the market suffers a prolonged downturn.

3. Health emergencies. Expensive medical bills can happen to anyone at any age, but you're statistically more likely to run into them as you get older. Having cash on hand to cover deductibles and premiums can help you stay out of medical debt.

How big should your retirement emergency fund be?

Three to six months of expenses is a good starting point for your emergency fund. Ideally, you might prefer to have a year's worth of expenses set aside. But don't be discouraged if you don't have that much now; take small steps to start saving whatever you can.

Remember, a balanced approach that considers your unique financial circumstances and risk tolerance can help you determine the right size for your retirement emergency fund.

Have questions about your emergency fund or any other financial details? Reach out anytime.



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Thank you for reading our newsletter!



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