

(The following is an excerpt from “Your Playbook For Tough Times: Living Large On Small Change, For The Short Term Or The Long Haul.” All rights reserved, including the right to reproduce this book or portions thereof in any form whatsoever without permission from the publisher.)

Challenge Yourself To Save

Emergencies happen, and as a nation we’re not saving for them. According to the Federal Reserve, 47 percent of U.S. residents said they wouldn’t be able to cover an unexpected \$400 expense without borrowing money or selling something.

You need an emergency fund – and it doesn’t have to be gigantic. Some PF pundits insist you need three to six months’ worth of living expenses in the bank. Others say you need a year’s worth.

I say, “That’s a lovely dream, but some people are lucky to have *anything* in the bank. Stop making folks feel defeated before they start.”

Personal finance author Liz Weston (AskLizWeston.com) suggests that even a \$500 cash cushion can cover quite a few problems. In a column on the NerdWallet website, she cited an Urban Institute study that showed savings between \$250 and \$749 can make a big difference for lower-income households.

Families who saved were:

- 24 percent less likely to miss a utility payment
- 28 percent less likely to miss a housing payment
- 78 percent less likely to be evicted

Thus you need to get serious about saving an emergency fund, even if you think you can't. *Especially* if you think you can't.

Sometimes it's true that it takes every dime you earn just to make bank and put basic food on the table. (Been there. It's stomach-shredding.) However, a little creativity could help you shave off a few dollars here and there for an emergency fund.

One reader called it an "Oh S--t! Fund." I understand why. When things go sideways in an already-straitened life, you just want to howl at the unfairness of it all. Even a small EF will make a difference: It may not fix everything that's wrong but it at least cuts down on the amount you have to borrow or finance.

You really *can* save

For example, suppose that bald-as-an-inner-tube tire finally dies. You have no credit/your card is maxed out. No family or friends nearby/they're as hard-up as you are. If you had put even \$5 per month into an EF for the past year, you'd have enough to pay for a basic all-season, on-sale wheel. But you didn't.

What's next, then: Lose your job because you can't drive to work? Or make the damned-if-you-do, doubled-damned-if-you-don't walk to the payday loan place?

Broke people *can* save. It may take longer and it may hurt a bit. You know what else hurts? Renewing payday loans over and over because you have no recourse.

Take a tip from the title of this chapter and make saving your EF a challenge – a *fun* challenge. Set a smallish goal ("By the end of the month I will have at least \$5 set aside") and set out to see how much more than \$5 you can squirrel away. Get your family

or roommates involved, too; nothing like a little friendly competition to rev your savings engine.

Not all the following tips will work for everyone. But at least *some* of them should get you going toward a fully funded EF, even if you literally have to nickel-and-dime your way there.

Bank on it

Automate funds. Set up a small withdrawal from each paycheck (start with at least \$5), on the theory that if you don't see it, you won't miss it. That may not always be the case, but tell the truth: Haven't you ever looked at your (small) positive checking-account balance on the night before payday and decided to split a pizza with your roommate? Sure, you should allow yourself a treat now and then – but get that EF up to at least \$500 and *then* indulge in celebratory pepperoni.

Save your raise. If you're lucky enough to get one, that is. Figure out what it will amount to after taxes and make that the amount of your automated withdrawal.

Bank that bonus. If you got one of those then you're a *really* lucky dog; I know only one person whose boss consistently awards these. Spend 10 percent of the amount on something you truly want/need, and put the rest into the EF. Seeing that big bump in the account should make you feel all warm and fuzzy.

Tuck away reimbursements. Got a flexible spending account, or do you get paid for work-related expenses? Try to put even 5 to 10 percent of each payment into the EF.

Save your savings. Any time you use a coupon or get a discount due to a customer loyalty card, salt away the amount of the price break. Check the bottom of your supermarket receipt for “you saved X dollars today” info. Another form of this is to...

Front-load a discount. Instead of using cash, credit or debit, pay for regularly purchased items with discounted gift cards bought on the secondary market. For example, buying a \$50 Walgreens card for \$44 would mean \$6 for the EF. (See Chapter 2 for the ins and outs of discounted gift cards.)

Keep the Change. This Bank of America feature rounds debit-card purchases up to the next dollar, then transfers the difference into savings. Paying \$25.16 at the gas pump means your EF grows by 84 cents.

Save As You Go. Sign up for this and Wells Fargo will transfer \$1 from checking to savings every time you pay with your debit card, use online bill-pay or have an automatic payment deducted from checking. That didn't hurt (much), did it?

Challenge accepted!

Frugalists just *love* a challenge, and some of these savings hacks are pretty painless even when times are tight.

The pantry challenge. Instead of joining your roomie in that pizza delivery, go prospecting in the cupboards and fridge (even if it ends up being a weird dinner like ramen, green beans and raisins). Estimate what your share of the Domino's order would have been and shoot it over to the EF. Allow yourself to feel smug, especially since you also cleared out food before it had the chance to get too old to eat.

Calendar challenge. The first week of January, bank \$52; the second week, set aside \$51. Keep at it and at the end of the year you'll have banked \$1,378.

Weekly challenge. The first week of each month, put \$1 in the jar. The second week, it's \$2. You'll bank \$10 to \$15 per month this way.

Spare-change challenge. One of the oldest tricks in the savings book: Dump most or all of the coins from your pocket/wallet into a jar. Wrap and bank the specie every couple of months. If your bank won't accept rolled coins, well, fie on that institution! The supermarket or convenience store might want some of the change (these places go through a lot of it), or you can just use it for small purchases like a loaf of bread or a hand of bananas. Counting out \$2 in quarters and dimes isn't a big deal, especially if you shop during off-hours. Finally, some people swear by those Coinstar counting machines, which charge you a fee unless you take the total in the form of a gift card; just make sure it's a retailer you were going to use anyway.

Dollar-bill challenge. This is the spare change challenge's richer cousin: Take all the ones out of your wallet at night and stuff 'em in a different jar. Or go crazy and make it a \$5 bill challenge.

Found-coin challenge. Hey, somebody left a quarter in the vending machine! Or maybe it's a dropped dime at the checkout counter, a nickel on the sidewalk or a few pennies that fell through that Coinstar machine (always an excellent place to look). Money is everywhere if you don't mind picking it up. Add it to the spare-change challenge jar or start a new one.

Random number challenge. Choose a number (kids like to do this), and every night check the serial numbers of the bills in your wallet. Any that end in that number means that the bill goes into the fund.

Dare-you challenge. If you've got a relative or friend who also needs to save, suggest this: "I dare you to try and save more than me in the next three months. If I win, you have to detail my car/take me to lunch/scoop the back yard." Anyone with an ounce of competitive spirit will want to play – and no matter who ends up with more cash, you both win.

Cashing in

Recycle. If you're lucky enough to live in a place where cans and plastic bottles bring you a nickel or dime apiece, start collecting. You could pick them up on walks, ask relatives to save them for you or maybe even bring them home from the workplace lunchroom. Some places without deposit laws still let you recycle aluminum by the pound. You'll need storage space, of course, and you should also figure out whether it's worth it. (Hint: Driving 17 miles round-trip to recycle \$2.29 worth of aluminum is not a smart use of your time. Or your car.)

Incentivized savings. Occasionally banks will offer a cash stimulus to get people to open accounts. Let the account be your EF, and add the incentive to it.

Join Swagbucks. What makes this rewards program different from the others is that it includes PayPal as an option. For as few as 2,200 points you can get \$25 in cold, hard cash. All you need for a PayPal account is a bank or credit union account to which to link it. (See Chapter 2 for the specifics.)

Stash your rewards. Got a rewards credit card? If not, try to trade in your vanilla card for one that provides benefits, and send the cash-back amount to your EF. (See Chapter 2 for links to sites that review the best rewards credit cards.)

Look for a second job

This isn't always as easy as it sounds, especially in areas where it's hard to get a *first* job, let alone a second one. It can also be tough to work extra hours when illness or disability (your own or a family member's) presents extra challenges to your days.

However, it's also true that money-earning options you could never imagine are out there. See the "Get A Side Hustle" section of Chapter 9 for specific tips.

Adjust your habits

Quit it! It's hard to stop smoking or eating junk food, or whatever your habitual weakness happens to be. Be conscious of what you're spending and reduce it sloooooowly. Calculate what you've saved each week and send those dollars to safety. Bonus: Your health should improve once you stop with the coffin nails and the greasy treats.

Rework other habits. Suppose you and a pal meet for coffee every Saturday, or that you hit blockbuster movies on opening night. A couple of times a month, replace that coffee date with a leisurely, chatty walk. Get in the habit of going to the first show on Saturday, which is much cheaper than a nighttime ticket. When you modify a habit, figure out your savings and put them in the fund.

Bring it from home. Packing your lunch can mean huge savings but think about snack habits, too. If you hit the soft-drink or candy machines once or twice a week,

you're probably dropping \$20 a month. Watch for loss-leader sodas and snacks and keep them in your bag/desk/locker, then send a couple of bucks a week to the EF.

Swear by it. Ever heard of the “swear jar,” wherein you place a quarter every time you drop an F-bomb? Give it a try, especially if you have kids (who *love* to call you out on it) or you want to present a more professional image at work.

Reward yourself. This is the opposite of the swear jar. Say you packed a PBJ today instead of hitting the Value Menu. Good for you! Now put a dollar (or more) in the Jar of Virtue.

Tip Yourself. This free app is a virtual Jar of Virtue, one you can access from anywhere. Next time you say “no” to an unnecessary expense, either at home or out of the house, use the app to send the money you *would* have spent to an online bank. Check the balance after six months. Shake your head in disbelief, then pat yourself on the back for being smart enough to save.

Money mind games

Name your dollars. My financial institution lets me assign names to sub-accounts. I've got two named for my great-nephews' college funds and a third called “Cash For New Car.” Each time you send that \$5 (or whatever) a week to an account named “Family Protection” or “No More Debt,” you'll be reminded why you save.

It's a bill, so pay it. Free budgeting sites like Mint.com and PowerWallet have “bill reminder” features. Set up “emergency fund” as a bill, even if it's just for \$5 a month. This can make it easier to factor savings into the monthly budget.

Be symbolic. Your tween will graduate high school in 2024? Save \$26 (2 + 0 + 24) per month, or every other week if you can swing it. The better-equipped you are to weather financial storms the more likely it is you'll be able to help her in small ways (e.g., driving her up to the university) or big ones (letting her live at home rent-free if she attends a local college). Don't have kids? Try something like this: *I hit retirement age in 28 years, so I'll start setting aside \$28 per month for emergencies.*

Remember your goal. Get a picture of something that matters to you and rubber-band it to your credit/debit card. Seeing your fiancé or your newborn might remind you *why* need to be smarter about money, and keep you from tossing a package of Slim Jims into your grocery cart while you wait in line. Or tape a Post-It note to the card – the words “emergency fund” or a more specific message like “Baby due Aug. 19” will give you a frugal goose.

Remember your goal, Part 2. Change your debit-card PIN to a date with serious resonance. It could be “0819” for the baby's due date or “2024” for your daughter's high-school graduation year. Typing in those numbers might help you talk yourself down from getting that extra \$20 in walking-around money or from throwing those Slim Jims into the cart. (Frugal tip: You can ask the clerk to remove the snack from your order, and if you rethink that \$20 you could put it into an envelope and deposit it back into the account.)

Laundering funds. Each time we do a load of wash at our house, \$2 goes into a jar. Although we call it the “New Washing Machine Fund,” it actually got used when we replaced the 30-year-old stove. Yours, of course, will go into the EF.

Save it forward. You finally paid off your (new-to-you) car. Woo hoo! Keep making the payment, though, by transferring that amount into savings each month. Can't manage that? Try to save at least half.

Round it up. Any time you use a debit card (or write a check, if you still do that), record it (assuming you still do that) as the next dollar up. For example, a \$22.52 grocery trip becomes \$23 in the register. At the end of the month, add up the differences and send them to the fund.

Steal from yourself. Suppose there's \$37 left in checking the day before payday. Send \$7 (or \$17) of it to your EF.

Save money, save your finances

After you've tried one or more of these tactics you should take a minute to congratulate yourself. Saving can be very, very tough if yours is one of those households that barely keeps the books balanced. Finding "extra" money can feel laborious and taking that money away from your tighter-than-tight budget may seem downright punitive.

Again: Been there. It hurts. I did our laundry on a scrub-board and dried it on a rack because I couldn't spare the quarters for the laundromat. You know why I couldn't?

Because:

- I was a single mom with no child support and a "permanent part-time" position with varying hours, and
- Every week I had the employee credit union take a chunk of my salary right off the top.

Yes, even though I was poorer than a church mouse I had a small emergency fund. When the baby outgrew her shoes or got sick and needed a prescription, the money was there to pay for it. This was way back in the NoPlasticScene Era. At that time credit cards were just beginning to become commonplace but there was no way in hell a company would give credit to struggling-single-mom-me.

Would I have preferred to hire a babysitter and go to a movie now and then rather than set money aside each week? Or maybe to eat something other than bean soup, spaghetti, chili and oatmeal? You bet. But I knew if something went wrong it would be up to me to cover the cost. So I saved.

I urge you to do the same. Yes, sometimes it will feel like punishment. But that EF will feel like a blessing the next time life plants a surprise in your path.