



## “How Much Money Should I Keep Liquid?”

### Staying prepared for life’s emergencies and special opportunities

Adequate short-term liquid funds allow individuals and families to meet life’s unexpected monetary needs and special opportunities with confidence. But how much money should you keep available?

**A good rule of thumb is that three to six months of living expenses should be set aside as a cash reserve.**

The table below will help you determine if you have too much money or not enough money in liquid accounts.

How Much Money Do You Presently Have Liquid?	Example*	Yours	Suggested
Checking Accounts:	\$2,000		
Savings Accounts:	\$12,000		
Certificates of Deposit (1 Year or Less):	\$30,000		
Money Market Funds:	\$5,000		
Treasury Bills:	\$5,000		
<b>Liquid Funds:</b>	<b>\$54,000</b>		

How Much Money Should You Keep Liquid?			
Monthly Living Expenses (For example: mortgage, rent, car payments, utility bills, etc.)	\$3,000		
<b>Liquidity Needs: **</b> (Monthly Living Expenses X 3 mos. or 6 mos.)	$\begin{array}{r} \$3,000 \quad \$3,000 \\ \times 3 \text{ months} \quad \times 6 \text{ months} \\ \hline \end{array}$ <b>\$9,000-\$18,000</b>		

Do You Have Too Much or Too Little Money Liquid?			
<b>Too Much/Too Little Money Liquid:</b> (Liquid Funds-Liquidity Needs)	$\begin{array}{r} \text{Too Much Liquidity} \\ \hline \end{array}$ <b>\$45,000-\$36,000</b>		

### How much money should you keep liquid?

\* This is a hypothetical example used for illustrative purposes only.

\*\* You should include in your liquidity needs any significant upcoming expenses like a car, medical operation or home repair/improvement. The information contained herein is prepared for your use by Essex Corporation.

<b>Not FDIC Insured</b>	<b>May Lose Value</b>
	<b>No Bank Guarantee</b>