

## Money Smart Essay 2018

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The rain froze to the highways in the sub-zero weather as travelers crept home from their prior destinations. The rain turned into a sleeting snowstorm, causing drivers to slow down. Unfortunately, one car put on their brakes too hard, spinning them off the road and flipping into the ditch. Their car wrecked at impact. Luckily, the family inside survived, but some with critical injuries. The effects of this natural disaster wreaked havoc on an ordinary, unprepared family.

The driver of the car, the father, suffered severe head trauma, leaving him partially paralyzed and requiring months of therapy to regain full mobility of this body. Because of his injury, he is unable to work and can only receive a portion of his regular income on a short term disability leave from his place of employment. Insurance deems the family's car totaled, but because they only had liability insurance on their vehicle, the family will not receive a payment from their insurance company to replace their vehicle. Since the family did not have a savings program in place, they don't have the necessary funds to repair or replace their vehicle. On top of vehicle expenses, they now struggle to keep up with their monthly expenses when trying to also pay for the expensive medical bills. Not having their regular income or a savings account leaves the parents nervous about the coming months.

To be better prepared, all families should establish an emergency savings program. The Balance, a website that publishes financial advice articles, is a good resource to use when starting personalized emergency savings funds. The Balance gives three steps to creating an emergency savings fund: calculate expenditures for a month's time, save small monetary amounts for the emergency fund, and open a savings account for the emergency fund (Vohwinkle, 2016). By having these emergency funds set aside, families can be better prepared

to pay the unexpected medical bills and also fund a small portion of the repair or replacement of their vehicle.

This natural disaster caught an ordinary family off-guard. With simple savings programs in place, they could have been better prepared for the unexpected expenditures that came along with their accident. How will you prepare for the effects of a simple natural disaster like this?

Reference:

Vohwinkle, J. (2016, August 25). 3 Ways to Prepare Your Emergency Fund. Retrieved February 19, 2018, from <https://www.thebalance.com/prepare-emergency-fund-1289901>