Seeing beyond numbers.™

Transcription : The emergency fund and the contingency fund

[♪ Opening music ♪]

[A title appears on a light blue background: “Aiming to save?” The words “A presentation of Laurentian Bank,” along with the bank’s logo, appear underneath. A coin pictogram rolls across the logo, and a new title appears: “Emergency funds vs. contingency funds.”]

I'm Ines Matoussi, Senior Advisor.

[Words appear next to the blonde woman: Ines Matoussi, Senior Advisor at Laurentian Bank and Mutual Fund Representative at LBC Financial Services Inc. Laurentian Bank = Laurentian Bank of Canada. LBC Financial Services Inc. (LBCFS) is a corporate entity separate from Laurentian Bank. Registered LBCFS representatives are also Laurentian Bank employees.]

Today, we're examining two essential tools when it comes to financial security:
the emergency fund and the contingency fund.

[Pictograms show a jar containing coins and a piggy bank.]

We'll explain the importance of contributing to both options to face unexpected situations or anticipate major expenses without compromising your projects. The emergency fund. This fund is mainly used in unexpected situations to avoid going into debt: loss of income, separation, major renovations or unexpected expenses for health reasons.

[Animated illustrations appear: a coin on a downward arrow, a broken heart, a hammer and a bill marked with a medical cross.]

This financial cushion avoids the need to use credit, which is often accompanied by high interest rates. We generally recommend that our clients save the equivalent of 3 to 6 months of their essential expenses: housing, groceries, bills, etc.

[An animated calendar shows 3 months, then 6 months.]

Now, the contingency fund. The purpose of this fund is to save for a specific future expense or an expensive project that you know will cost a significant amount of money. Think orthodontic treatments for your child, replacing a roof or windows or a trip overseas.
[Animated illustrations appear: a tooth, a house with its roof and windows coming off, and a plane.]

A contingency fund helps you avoid debt by saving the necessary amount in advance. Whether you're considering an emergency fund or a contingency fund, you might be wondering if it's better to put your savings in a TFSA, a high-interest account or a bank account. Well, the savings vehicle depends on the cushion you want to build and your time horizon. Planning ahead will allow you to care of yourself, your family and your future. There is no one better placed than your Laurentian Bank advisor to support you and offer you peace of mind. Happy saving!

[♪ Music ♪]

[The five yellow pennants that form the Laurentian Bank logo appear, surrounded by a blue square. The words “Laurentian Bank” appear.]