

WEEK 2 CASE STUDY

The Emergency Fund Dilemma

Wealth Pod discussion exercise. Read Priya's situation, then work through the questions as a group.

IMPORTANT, PLEASE READ FIRST

This case study is for educational purposes only. Priya is a fictional character. Any recommendations discussed are illustrative, not personal financial advice. The Money Method is not a regulated financial adviser. For advice on your own situation, speak to a qualified financial adviser regulated by the FCA.

Meet Priya

Priya is 29 years old and works as a Marketing Manager in Birmingham. She earns £2,800 per month after tax and has been meaning to get her finances in order for years. She recently finished paying off her student overdraft and finally feels like she has some breathing room.

Financial snapshot

Monthly income (after tax)	£2,800
Essential monthly expenses	£1,600
Current savings	£2,500 (in a current account at 0.1%)
Spare cash each month	£400 (after all spending)
Debts	None
Pension	Workplace pension (employer matches 3%)

Her goals

- Build a proper emergency fund (she only has 1.5 months of expenses covered)
- Start saving for a house deposit (she wants to buy in 3 to 4 years)
- Eventually, start investing for long-term wealth

The dilemma

Priya feels overwhelmed. She has £400/month available to save, but three competing goals. She has been paralysed by indecision for months and keeps her savings in her current account earning almost nothing while she figures it out.

She keeps reading conflicting advice: some say emergency fund first, others say take advantage of the LISA bonus while you can, and she's heard that investing early is crucial for compound growth.

THE QUESTION

What should Priya actually *do*?

Discussion questions

Discuss each question in your Wealth Pod. Use the space below each one to capture your group's answer.

1. What should Priya's emergency fund target be?

Calculate her 3-month and 6-month targets.

2. How would you recommend she splits her £400/month?

Write out a specific allocation.

3. Which accounts should she open first, and in what order?

4. Should she start the LISA now or wait?

Should she start it now while building her emergency fund, or wait until the emergency fund is complete?

5. What would you tell Priya to help her overcome her analysis paralysis?

SHARE YOUR THINKING

Be prepared to share your Wealth Pod's recommendations at the next class.