

Sinking Funds

Money

Saving monthly for yearly costs, so they stop being emergencies.

Divide each annual cost by twelve and save that amount monthly.

Cost	Annual	Monthly
Car insurance	£600	£50
Car service and MOT	£400	£33
Christmas and birthdays	£600	£50
Holiday	£1,200	£100
Home maintenance	£1,200	£100
Subscriptions renewing yearly	£240	£20

Most 'emergencies' in a household budget are annual costs that were never budgeted monthly.