**[3 Questions To Ask Before Using Your Emergency Fund](http://blog.smartdollar.com/blog/2015/4/23/3-questions-to-ask-before-using-your-emergency-fund)**

So let’s say you’ve completed the first three baby steps and you’re well on your way to saving toward retirement and college. But, then, disaster strikes!

One of those pricey, inevitable emergencies finds its way into your life—a broken HVAC system, a leaky roof, or a major medical issue. Fortunately, you’ve already got your full emergency fund in place.

You’ve already saved up for the unexpected, just like these situations. But not every situation is as clear-cut as medical bills or blown-out transmissions. So what classifies as a true budgeting emergency?

It all boils down to these three simple questions:

**1. Is It Unexpected?**

Life has a few surprises we could all live without, like a job layoff. But your emergency fund should help by keeping your lights on and your belly full **until you or your spouse land that next dream job**.

And if a tornado or flood visits your neighborhood, it’s perfectly fine to use your rainy-day stash. Let it cover your insurance deductibles or other property **damage your policy doesn’t cover—that’s what it’s there for.**

But annually occurring expenses? They aren’t an emergency. Christmas happens on December 25 every year. You knew that, right? So **there’s no excuse *not* to save up**before the gift-giving season hits.

Same goes for back-to-school shopping. It shouldn’t come as a shock that your kids need new binders, index cards and composition notebooks every August. By saving a little each month in a separate fund, you can actually enjoy these big occasions instead of dread them.

**2. Is It Absolutely Necessary?**

Needs are often confused with wants, but **the two have nothing in common**. If your mini-van breaks down, that’s your transportation—you *need* to get it fixed so you can get to work or pick the kids up from practice! Or if you discover a forest of mold growing behind your bedroom walls, you *need* to have enough cash on hand to temporarily move out and pay for the cleanup. Those situations are emergencies!

But if you’re just tired of the bubblegum pink tile in your bathroom, or if you suddenly *need* a new convertible, think again. Your house and car may be ugly, but as long as they’re safe and reliable, cosmetic fixes are definitely wants—so they are great to save for in a fund. New stuff is great, but **don’t steal from your needs to pay for your wants**.

**3. Is It Urgent?**

When an immediate need comes up, the last thing you should worry about is how you’re going to pay for it. So if your child catches a baseball with his face and needs stitches, or your just-replaced furnace suddenly dies in the dead of winter, **don’t stress**. Focus on the task at hand and leave the rest up to your emergency fund.

On the flip side, big sales aren’t urgent. Just because your favorite appliance shop is having the closeout sale of the century **doesn’t mean you deserve** a new washer, dryer, oven and fridge. If you want to replace old but still-functioning appliances, flash all that cash you saved up in your fund and see what kind of deals you can score.

**If You Have to Use the Money, It’s Okay!**

Your emergency fund may feel like a ton of money just sitting there doing nothing, but it’s actually doing a lot. **It’s your insurance policy against the unpredictable—the crazy part of life.** So don’t drain it just because you see something shiny and new.

On the other hand, give yourself permission to use your emergency fund if you have an immediate, unexpected expense. Just remember to replenish your savings as soon as you get back on your feet. You never know when you’ll need it next.