

Financial Advisors Reveal How Much Cash You Need to Survive a Recession Based on Life Stage



With inflation soaring, the stock market tumbling, and the possibility of a recession on the horizon, many Americans are wondering how much cash they should have on hand to weather the storm.

How much money you will need to stay afloat during a recession will vary depending on life stage and circumstance – whether you're a dual-income household, single earner, entrepreneur, or retiree.

Dual-income families, for example, won't need to save as much as someone with a single income. Two (or more) income families

should aim for three to six months of living expenses in reserve, Christopher Lyman, a certified financial planner with Allied Financial Advisors in Newtown, Pennsylvania, told CNBC.

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If you're on your own, you might want to make that closer to the six-month mark, experts say. A good rule of thumb? Make sure you have just enough not to worry.

"For a working individual earning income, the goal should be to have just enough cash to provide an emergency buffer to protect against any pitfalls that could hinder financial well-being," Sergio Garcia, a certified financial planner at BFS Advisory Group in Dallas, told Bankrate.

Generally, entrepreneurs face more economic uncertainty than people with employers, so they should try to have more cash at the ready.

Lyman told CNBC that entrepreneurs and small-business owners should save one year of business expenses, explaining that "this advice saved quite a few of our business owner clients from shutting down due to the pandemic."

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Ideally, retirees have set themselves up with retirement accounts to enjoy their golden years, but that doesn't mean they should forego any cash savings – quite the opposite, in fact.

For those with a balanced portfolio of 60% stocks and 40% bonds, consider keeping approximately three years' worth of anticipated withdrawals in cash, Michael Yoder, a certified financial planner and Principal at Yoder Wealth Management, writes on Kiplinger.

In these uncertain times, setting enough aside provides peace

of mind – whether you're a recent graduate or a retiree.

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