MODULE 2

Building & Managing Your Income Shock Buffer

FOOTHOLD

Purpose

The Income Shock Buffer is not a traditional emergency fund. While an emergency fund is for major surprises (like a broken car), the Buffer is specifically designed to "smooth out" your income so you can pay your Survival Budget even during your lowest-earning weeks.

Step 1: Defining Your Buffer Goal

Based on Module 1, your buffer goal should be equal to one full month of your Total Survival Number.

My Monthly Survival Number: $________________

Current Buffer Savings: $________________

Remaining to Goal: $________________

Step 2: The "Fill and Draw" Strategy

Think of your buffer like a water tank.

1. **The Fill (High-Income Weeks):** When you earn more than your weekly survival needs, apply the 50/50 Surplus Rule. Put half of the extra money into this buffer until the "tank" is full.
2. **The Draw (Low-Income Weeks):** When your weekly income is lower than your Survival Number, you draw from the buffer to make up the difference.
3. **The Reset:** Once the low-income week passes, your priority shifts back to refilling the buffer before spending on Flex items like entertainment or clothing.

Step 3: Where to Keep the Buffer

To manage this effectively, the buffer should be kept separate from your everyday spending money.

- Option A: Separate Savings Account — A no-fee account that isn't connected to your debit card.
- Option B: The Envelope Method — If using cash, keep the buffer in a physically separate, labeled envelope.
- Option C: Digital Buckets — Many banking apps allow you to create a sub-account specifically for your Income Shock Buffer.

Step 4: Survival vs. Buffer — Weekly Check-In

Use this log to track your progress:

Week	Income	Survival Cost	Added to Buffer?	Drew from Buffer?
1	$___	$___	$___	$___
2	$___	$___	$___	$___

Key Takeaway

> *The buffer is a tool, not a trophy. Do not feel guilty for using it — that is exactly what it is for. Success is defined by having the money there when the income shock happens, so you don't have to rely on high-interest debt.*