Emergency Savings Fund vs. Emergency Relief Fund: An Economic Model

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A mathematical model was created to explore the possibilities of balancing government financial debt caused by distributing stimulus checks (ERF) through the creation of the Emergency Savings Fund (ESF).? The US government began issuing COVID-19 stimulus checks in 2020 when many people could not afford to pay for basic necessities. Although they provided a temporary solution to personal financial difficulties, the checks cost the government and taxpayers over $850 billion in direct payments alone and has contributed to unprecedented amounts of inflation. A long-term solution could possibly be the creation of an emergency savings fund. The hypothetical Emergency Savings Fund would be a program that would encourage the US people to have secure savings for unexpected situations by offering tax credit for the total savings up to a certain amount. A mathematical equation was created for the basis of my model and relevant data was gathered for the simulations.? Multiple variables in the model were individually experimented with to predict a variety of outcomes for a myriad of situations. The study finds that the implementation of the Emergency Savings Fund would produce more savings for the government and taxpayers than pure ERF in most situations.? This model concept can help guide policy making and deciding on malleable variables that will produce the best outcomes for all parties.?

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