



Tips for Managing Unexpected Expenses on a Tight Budget

National nonprofit credit counseling agency Take Charge America helps consumers minimize negative impact of expenses, find creative solutions

PHOENIX – (Nov. 7, 2018) – No matter how strict or frugal, unexpected expenses can send many people into a financial tailspin. A Federal Reserve study reveals that 40 percent of adults would not be able to cover a \$400 setback – an alarming statistic given the high cost of common emergencies such as car trouble, home repairs and medical care.

“Ideally, you want to build an emergency fund in a liquid savings account to cover such expenses so your daily life isn’t impacted much. However, we know that’s not always possible throughout all life phases and challenges,” said Mike Sullivan, a personal finance consultant with Take Charge America, [a national nonprofit credit counseling and debt management counseling agency](#). “When you don’t have cash on hand, you need to hunker down and get creative.”

Sullivan offers seven tips for handling unexpected expenses:

- **Assess the Expense:** Not all unexpected expenses are created equal. For example, repairing the car that gets you to and from work ranks higher than paying for airfare and accommodations for your college roommate’s bachelor party. If the expense is truly urgent, it’s worth cutting other spending to come up with the funds.
- **Join the Gig Economy:** Earn fast cash by working for Lyft, Postmates or Uber Eats, among many other “gig” services, that can be completed on your own time using your own resources.
- **Sell Your Stuff:** Most of us have extra clothing, electronics, sports equipment, furniture and other gear that are no longer in use. Take time to photograph and list your items on Facebook, Craigslist, Ebay and OfferUp. Earning \$50 for a bicycle or \$75 for a coffee table will make a dent in your expenses – and create more room in your home.
- **Be a Miser:** Do you spend money eating out, shopping or traveling? What about high-priced cable, subscriptions and memberships? Cut back non-essential spending in favor of a frugal existence until you get past this financial hurdle.
- **Pay Medical Debt Over Time:** Medical costs are a major source of unexpected expenses. Fortunately, most healthcare organizations will work with you on a payment plan – and without charging interest. You just need to ask, and explain your financial situation.
- **Tap Your Home Equity:** If you must borrow money in order to cover the expense, consider a home equity loan. This type of loan is better than tapping retirement accounts, running up credit cards or taking out a cash advance. Once the expense has

been paid, pinch pennies to pay off the loan as soon as possible and limit any future financial impact.

- **Consider Credit Counseling:** If you've been hit with unexpected expenses or are struggling with other debt, consider credit counseling from a nonprofit agency that can help you develop a workable budget and potentially negotiate debt and repayment terms with your creditors.

For more information about credit counseling and to receive a free debt review and financial assessment, visit cc.takechargeamerica.org.

About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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