

# What to Do If You Don't Have an Emergency Fund



You've likely heard the guidance that you should have three to six months' worth of essential expenses saved up for emergencies. It's good advice, but let's be honest — saving that much can be easier said than done when you're trying to make ends meet.

If you already have an emergency fund and need extra cash to cover your costs during the COVID-19 pandemic, this is an appropriate time to tap into it. But if you don't have one, don't fret or be too hard on yourself — there are sources of funding available during these unprecedented times.

**Here are some options to consider:**

## 1 Put your stimulus check to good use.

Most Americans will receive some short-term relief in the form of a stimulus payout from the federal government. This money is intended to help with essential costs, like housing and food. If you have those covered, you might put the money towards high-interest debt payments — or use it as a seed for an emergency fund so you have a cushion for the future.

## 2 Talk to your creditors.

Many companies are accepting late payments, waiving fees and even allowing you to go into forbearance on debt. This may hold true for credit cards, rent or mortgage payments, and utilities. But you need to reach out to them in order to take advantage of these options.

## 3 Look into getting a new credit card.

Many cards come with a zero-percent interest promotional period that can last between 6 and 18 months. This can help you cover groceries, some medical costs and other essentials—freeing up cash for bills that can't go on a credit card. Just be sure to keep an eye on your balances so you don't end up with more debt than you can manage later on.

## 4 Consider a line of credit.

Personal lines of credit offer access to cash to cover bills that you can't pay with a card, like utilities and rent. These tend to have lower rates and higher credit limits than credit cards.

## 5 Ask about employer assistance.

Some companies have announced that they are offering financial assistance to help their employees cover expenses like medical bills during the coronavirus pandemic.

## 6 Get creative—and get paid.

While starting a “side hustle” isn’t practical for everyone, you may be able to earn some extra income by charging for things you’re good at and like to do, like editing resumes and cover letters, tutoring or painting.

## 7 Look into unemployment.

U.S. unemployment claims reached an all-time high in the week ending March 28, 2020, as millions of Americans have found themselves out of work in light of the necessary ‘stay at home’ orders that have shuttered many businesses. If someone in your household has lost their job because of the pandemic, they may be eligible for unemployment benefits. The CARES Act is also providing for \$600 weekly payments over and above the unemployment benefits to which a person is entitled.

## 8 Look into grants.

Some states, local governments and nonprofits have started offering individual grants to assist with the COVID-19 outbreak.

## 9 Explore debt relief programs.

Forms of debt relief include bankruptcy, debt settlement and debt management. Debt relief is often used as a last-ditch option because of the potential long-term implications for your credit score, but if you have your debt payments reduced or suspended, even temporarily, you can use the cash to cover current needs.

## 10 As a last resort, look to your retirement savings.

Under normal circumstances, it’s recommended that you only take money out of your retirement accounts if you’ve exhausted all other options. But these are extraordinary circumstances, and for some, the time for last resorts is now. The CARES Act has adjusted the rules around penalties and tax payments for early withdrawals and loans from retirement accounts to make it easier on people who need to tap into these funds right now.



### The Bottom Line

In a perfect world, we’d all have a few months’ savings on hand to carry us through hard times. In reality, though, it can be tough to save for the future when you need to pay your bills in the present. If you need help with your expenses in light of the COVID-19 pandemic, research your options and don’t be afraid to ask for help.

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