

Emergency savings

What to do when a big bill hits

A flat tire shouldn't wreck your month. A calm plan for the days after a big bill: get the facts, protect the basics, make the calls and borrow with care.

7-minute read • Updated October 2026 • Checked against its sources



The short version

- ✓ When a big bill hits, get the facts first: get it in writing, check it for mistakes, and ask what's due now and what can wait.
- ✓ Pay what keeps you housed, fed and working first. Then call the others before you're late and ask for a payment plan or more time.
- ✓ If you have to borrow, compare the APR. A common payday loan fee works out to almost 400%. A federal credit union's payday alternative loan tops out at 28%.

Rather talk it through?

A volunteer financial adviser can help with your situation, one-on-one, for free.



Point your phone's camera at the code, or go to:

go.advisersgiveback.org/start

From a nonprofit. Every volunteer adviser is a fiduciary, which means they must put your interests first. We never sell your information.

1

First, get the facts

A flat tire the week rent is due. A dentist visit right before payday. Surprises like these are common. In the Federal Reserve's 2025 survey, 59% of adults had at least one major unexpected expense in the year before they were asked. ¹

If one just landed on you, take a breath. You likely have more options than it feels like right now. This guide walks through the first few days, one step at a time.

Start with the bill itself. A few questions can shrink it or buy you time:

- **Is it in writing?** Before a car repair, ask for a written estimate. If the repair is costly, or you're not sure you need it, think about getting a second opinion. ²

- **Is it right?** For a medical bill, ask for a list of every charge. Look for mistakes, like being billed twice for the same thing. ³
- **Is any of it covered?** Check your insurance, and any warranty, before you pay out of pocket.
- **What's due, and when?** Ask for the real due date. Ask if you can pay part now and the rest later.

2

Protect the basics first

If you can't pay everything at once, you're not alone. In 2025, 28% of adults had trouble paying their bills in the month before the survey. ¹ When money is short, the order you pay in matters.

The Consumer Financial Protection Bureau (CFPB) suggests weighing what would happen if each bill went unpaid. Its worksheet flags the bills that protect your basics: ⁵

- **A place to live.** Rent or mortgage, plus the gas, power and water that keep your home running.
- **Your job.** What you need to get to work and keep working: a car payment, gas or bus fare, childcare.
- **Insurance you need.** Car insurance is required in most states. Health, renters and home insurance count too.
- **Court orders.** Payments like child support.

Food belongs on that list, too. The CFPB counts shelter, utilities, food, clothing and transportation as needs. ⁵ For a few weeks, pause the extras you can restart later, like takeout or a streaming service. In 2025, cutting back on other spending was the most common way people got through a month when bills were hard to pay. ¹



Timing matters

The CFPB says utility and credit card payments made within 30 days of the due date usually don't show up on your credit report, though you may owe a late fee. After 60 days, a credit card company may raise your interest rate. Losing a place to live costs far more, and those costs add up fast. ⁵

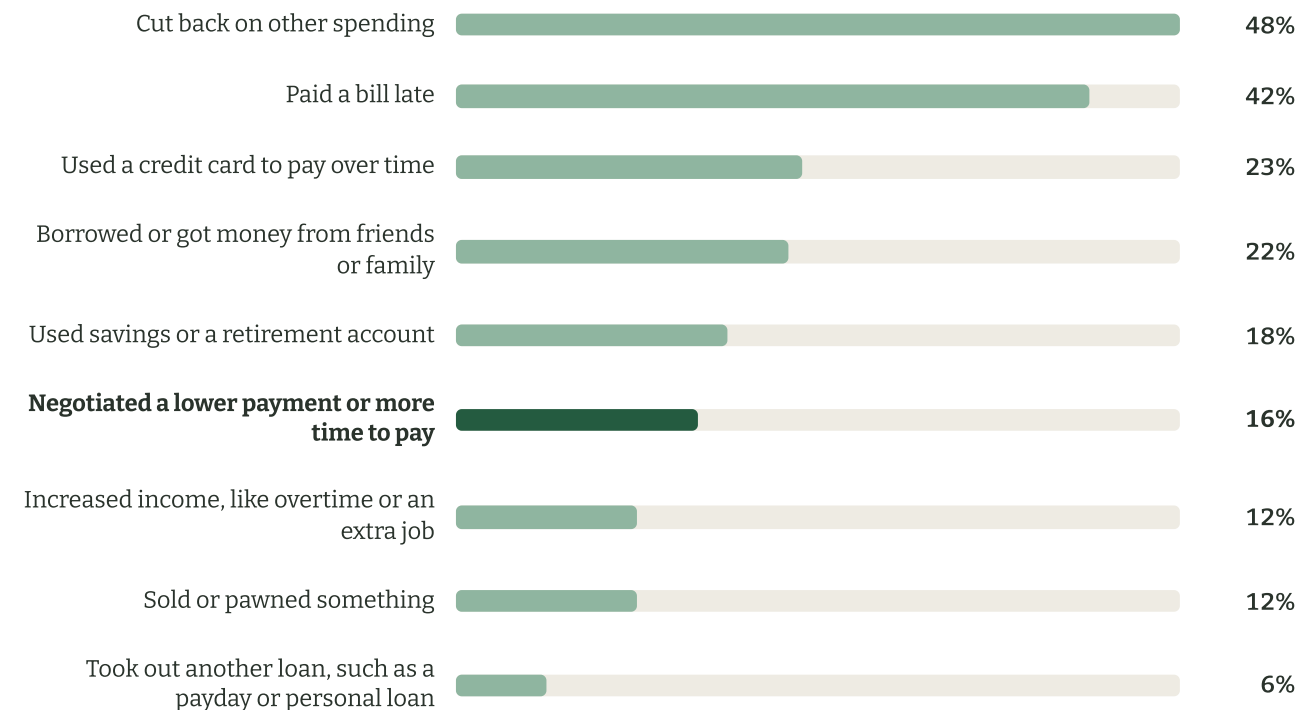
3

Call before you're late

Here's a gap worth knowing about. Among adults who struggled to pay bills in the month before the 2025 survey, 42% paid a bill late. Only 16% negotiated a lower payment or more time to pay. ¹

Paying late was common. Negotiating for more time was not.

What adults who struggled to pay bills in the prior month did about it, 2025



Among adults who didn't pay all their non-credit-card bills in full, or had trouble paying them. People could choose more than one.

Source: Federal Reserve Board, Economic Well-Being of U.S. Households in 2025 (May 2026)

Asking is worth a try. If you have to miss a payment, the CFPB suggests calling the company to tell them why. You may be able to work out a short-term plan. If you're usually on time, they may waive a late fee. And if a due date always lands before payday, ask to move it. ⁵

Some bills come with their own kinds of help:

- **Medical bills.** Ask if you qualify for financial help, sometimes called charity care. Hospitals with nonprofit status are required to have these programs. ³ In California, state law requires hospitals to have them. You can apply if you're uninsured or have high medical costs, and your family income is no more than 400% of the federal poverty level. ⁴ If you still owe, ask for a payment plan with no interest. Think twice before you move the bill to a credit card. You could pay high interest and lose the chance to negotiate. ³
- **Rent.** Your state may offer emergency help with rent. Dial 211 to find programs near you. ⁶
- **Other basics.** [USA.gov](https://www.usa.gov) lists government programs that help with food, bills and housing.

**What to say when you call**

Try something like this: “I’ve had an unexpected expense, and I can’t pay the full amount by the due date. I want to keep my account in good standing. Can we set up a payment plan, move my due date or waive the late fee?” Then write down the date, the name of the person you spoke with and what you agreed to.

4

If you must borrow, compare the cost

Sometimes a payment plan isn’t enough. If you need to borrow, compare the annual percentage rate, or APR. It’s the yearly cost of a loan, fees included. It’s the best way to compare one loan with another. ⁷

Payday loans are made for moments like this, and they’re among the most costly ways to borrow. A fee of \$15 for every \$100 you borrow is common. Borrow \$300 until your next payday, and you’ll owe \$345. On a two-week loan, that fee works out to an APR of almost 400%. ⁹

391%

the APR on a \$100 payday loan with a \$15 fee, due in two weeks

Compare that with a federal credit union's payday alternative loan, at 28% APR.

Source: National Credit Union Administration (MyCreditUnion.gov), Payday Alternative Loans (Last modified February 4, 2025)

Before you go that route, look at these:

- **A loan from a credit union.** Ask a federal credit union about a payday alternative loan. If you’ve been a member for at least a month, it can run from \$200 to \$1,000, for one to six months. The fee to apply can’t be more than \$20. ⁷ Some federal credit unions also offer a second kind, up to \$2,000 for up to 12 months, with no one-month wait. ⁸ The APR can’t be more than 28%. ¹⁰
- **A credit card, for a short time.** In the second quarter of 2026, the average rate on bank credit cards that charged interest was 22.15%. ¹¹ That’s far less than a payday loan. But a balance you carry for months keeps growing. And if you need cash, a cash advance costs more than a purchase: a higher rate, and interest from the first day. ⁷
- **Someone you trust.** Family or a friend may lend without interest. Think about how the loan could affect your relationship if paying it back gets hard. ⁷ Agree on the amount and a payback date, and write them down.

**Costs that sneak up**

If you can't repay a payday loan on time and your state allows rollovers, rolling it over means another fee. That's \$90 in fees to borrow \$300 for four weeks.⁹ Buy now, pay later plans can bite too. In 2025, 26% of people who used them paid late. And 11% had a payment set off an overdraft or insufficient-funds fee at their bank.¹

Taking money out of a retirement account before age 59½ costs more than it looks. Most withdrawals are taxed as income. On top of that, you'll usually owe an extra 10% federal tax, unless an exception to that extra tax applies.¹² If you live in California, the state usually adds an extra 2.5% tax on the part that's taxed as income.¹³

5 **Afterward, refill your cushion**

Using savings for an emergency isn't a failure. It's what the money is for. The CFPB's advice is simple: don't be afraid to use it, and then work to build it back up.¹⁴

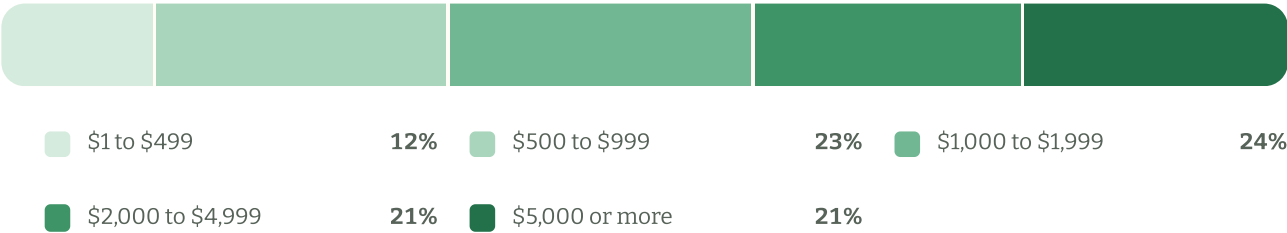
Here's one way to rebuild without feeling it. When a payment plan ends, keep making that payment, to yourself. Say you were paying \$50 a paycheck. Move \$50 to savings each payday instead. You're already used to living without it.

Even a few hundred dollars saved makes a difference. People who have it tend to get through a hard month differently. Among adults who struggled to pay bills in the month before the 2025 survey, those who could cover \$500 from savings were much less likely to borrow from friends or family. Only 11% did, compared with 27% of those who couldn't cover \$500.¹

Still, \$500 won't cover most big surprises. Take car repairs. In the 2025 survey, people told the Fed what a major car repair or replacement cost them. Only 12% paid less than \$500. About two in three paid \$1,000 or more.¹

Only 12% of major car repairs or replacements cost less than \$500

What adults paid for a major vehicle repair or replacement in the prior 12 months, 2025



Among adults who had one and knew the amount. Shares add up to 101% because of rounding.

Source: Federal Reserve Board, Economic Well-Being of U.S. Households in 2025 (May 2026)

So think of a few hundred dollars as a start, and keep going. Our guide to [building an emergency fund](#) walks through each step: \$400, then \$1,000, then a month of essentials, then three. To keep it growing, [pay yourself first](#) with a small automatic transfer, even \$5 or \$10 a week. And give the account a name that means something to you. [The freedom fund](#) has ideas.

Online: advisersgiveback.org/resources/not-if-but-when/

Online: advisersgiveback.org/resources/pay-yourself-first/

Online: advisersgiveback.org/resources/the-freedom-fund/

*A safety net doesn't have to be huge to be powerful.
It just has to be there when life shows up uninvited.*

If a surprise has left you juggling bills or new debt, a volunteer adviser can help you decide what to tackle first, one-on-one and for free.

Questions to bring to your adviser

A volunteer adviser is ready when you are.

A volunteer adviser can look at your numbers with you and help you decide what to do first.

go.advisersgiveback.org/start



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