

What to do if you've depleted your emergency savings

PHOENIX – The devastating economic effects of COVID-19 have forced millions to live off emergency savings. But as the pandemic continues to roil the financial lives of Americans, many have reached their limits and are wondering where to turn to next.

Michael Sullivan, a personal financial consultant with Take Charge America, a national nonprofit credit counseling and debt management agency, advises people to stow away at least three to six months' worth of living expenses in a liquid account.

"Emergency funds are just for that – emergencies," he said. "We've reached a point where many people who had fully funded their emergency stash are now running low because of economic and job instability. In these situations, some creativity and new spending habits are required."

To avoid falling deeper into debt, Sullivan offers these tips:

•**Slash your budget:** Get out the sheers and eliminate everything that isn't necessary to free up as much cash to make your payments and rebuild your emergency fund while staving off additional debt or bankruptcy.

•**Sell stuff:** Consider selling used items from around the house you no longer need. Online platforms like Facebook Marketplace, eBay and OfferUp are great places to put items up for sale.

•**Pause retirement sav-**

ings: If you've kept up with retirement savings, now is a good time to hit pause. This could temporarily free up several hundred dollars to reallocate toward your emergency fund.

•**Negotiate bills:** Many routine bills from cable to auto insurance can be renegotiated to free up additional money. All it takes is a little research and some phone calls to ask for and secure lower rates.

•**Call lenders for help:** Call your creditors and ask about credit hardship programs. These programs usually last only a few months but temporarily lower interest rates and credit limits while waiving fees, allowing payments to apply to your principal.

•**Side hustle:** Bringing in extra cash with a side hustle also will go a long way to replenishing your emergency fund. In addition to gig work opportunities through services like DoorDash or TaskRabbit, several retailers are hiring part-time workers. If you have the skills, you may also consider offering creative services like graphic design through platforms like Fiverr.

Remember: Rebuilding an emergency fund is a marathon not a sprint. If you need help, consider a free online credit counseling session for extra guidance.

To learn more about Take Charge America, Inc., visit www.takechargeamerica.org or call (888) 822-9193.

