

Resources for a Financial Emergency

A financial crisis can be very stressful, whether it's caused by the loss of income as a result of unemployment, an illness in the family, a disability, the death of a partner, or a medical or legal emergency. It's important to remember that help is available. Following are resources and information on what to do if you are facing a financial emergency.

What to do in a financial emergency

Here are steps to take in a financial emergency:

Ask someone you trust to help you assess your situation. You may feel overwhelmed in a financial emergency. A knowledgeable friend, relative, or adviser can help you put things in perspective and come up with a plan of action.

Don't panic. Don't start impulsively selling off your assets. Other forms of help may be available.

Make a list of your bills and debts and prioritize them, with housing at the top of the list. Your goal is to stay in your current housing while still meeting your family's basic needs.

Prioritize your bills according to their importance and the results of late payments.

Contact your creditors. If your income won't cover your expenses, negotiate immediately with utilities, creditors, and others you must pay. Ask for smaller payments and more time to pay. Most creditors will try to work with you.

Cut expenses. Economize in every way you can. Consider reducing or eliminating your cable TV service. Don't eat out, and put off nonessential purchases. Conserve electricity. Turn thermostats down in the winter and up in the summer. Consider buying groceries and household supplies in bulk. Take advantage of sales,

coupons, and "bogus" (buy one, get one free deals).

Pay at least a small amount on each bill every month. Never skip a bill. Even a small payment is a gesture of good faith that can keep collection agencies at bay.

Talk with a credit counselor. Credit counseling agencies are usually nonprofit groups that provide personalized help to people who need to pay off unsecured consumer debt, such as credit card and utility bills. These agencies offer solutions that may range from education about budgeting to negotiating repayment plans with creditors on your behalf, and then managing the agreed-upon payments. Contact the [National Foundation for Credit Counseling](#) for a list of agencies affiliated with this trade organization.

Getting help with housing and utility bills

In a financial emergency, your first priority is to keep a roof over your head with adequate heat, water, and electricity.

Paying your rent or mortgage

Contact your landlord or mortgage lender before your next payment is due. They're often motivated to help: negotiating a new temporary payment plan costs less than eviction or foreclosure.

Restructure your rent payments. Ask your landlord if you can make smaller payments for a month or two, or ask if you can skip a payment. Say that you will repay the difference when your financial emergency is resolved. Or offer to provide a service, such as painting your apartment, in exchange for rent.

Refinance your mortgage payment or obtain a forbearance. You can reduce your monthly payment by refinancing with a lower interest rate or for a longer term, but make sure you can afford the closing costs. Ask your lender about a forbearance agreement that would let you postpone payments or make partial payments for a specified period of time. For more details on these options, see the Federal Trade Commission's consumer information website (<http://www.consumer.ftc.gov>).

Look into community resources that provide rent or mortgage

assistance. Many communities have foreclosure-prevention programs or nonprofit groups that offer cash assistance for rent and mortgage payments. Contact your town's city hall, United Way's 211 help line or website (<http://www.211.org>), Community Action Agency (<http://www.communityactionpartnership.com>), or a faith community to learn more.

Apply for a local rent rebate or voucher program. These programs usually help when there are longer-term financial crises. If you qualify, you'll pay a portion of your rent based on your income, and the government will pay the difference directly to your landlord. Contact your local or state housing authority.

Paying your utility bills

Utility bills for electricity, gas, water, or oil can add up quickly, particularly in the winter. Payment plans can help you manage the cost fluctuations. Energy assistance programs can help pay your bill. Contact each utility provider's billing or credit office to discuss the following or other alternatives:

Request a new payment plan. Ask if your annual energy costs can be divided into equal monthly payments (known as a "level billing" plan) or reduced via subsidies to help you pay your bill in high-usage months. Try to negotiate a monthly sum that ensures continued service while you slowly tackle older bills.

Apply for federal, state, or local energy assistance. Federal and state Home Energy Assistance Programs (HEAP) serve both homeowners and renters. Eligibility is determined by income. Search the website for the federal Office of Community Services (<http://www.acf.hhs.gov>) for "Low Income Home Energy Assistance Program" to learn how to apply. In some states, if you qualify for HEAP, you automatically qualify for discounted energy rates, too. The federal government also provides one-time emergency assistance for families with young children that are facing utility shut-offs. In addition, local Community Action Agencies often help with home heating and other utilities. If you are an older adult, the local Area Agency on Aging (<http://www.n4a.org>) may also be able to link you to resources.

Seek help from private energy assistance programs. They offer one-time cash

help to people who don't qualify for federal or state programs. The Salvation Army's Good Neighbor Energy Fund program, for example, covers utility expenses but only once per year per household. Also, many utility companies set aside funds for grants or loans to customers who can't pay their bills. Contact the utility provider's billing office for more information.

Getting help with food and meal expenses

Free or discounted food is one of the easiest forms of relief you can get in a financial emergency. If you can reduce your food and meal expenses, you can put the money you save toward other bills.

Find distributors of free food in your community. Food banks and pantries offer free uncooked food you can take home. Search online using the name of your state or community and "food pantry" or "food bank" to find these resources in your area. Some states offer free surplus cheese, butter, dry milk, and other items to low-income families through TEFAP, the federal government's emergency food assistance program. Visit the site for the U.S. Department of Agriculture (<http://www.usda.gov>) and search for "emergency food assistance program" to learn more.

Apply for SNAP ("food stamps"). With SNAP assistance, you can buy food in most large (and some small) grocery stores. Your eligibility is determined by the number of people living in your household and your income. Contact your local SNAP office, which you can locate through the USDA website (<http://www.usda.gov>).

Apply for free or discounted school meals. The federal government funds K-12 public school meal programs. Some schools offer free or discounted breakfast and lunch, plus summer food programs. Income restrictions apply, but your child may qualify even if you're not eligible for SNAP. Contact your child's school for more information.

Look into the Women, Infants, and Children (WIC) program. WIC is a federal program that provides food, dietary information, and health care referrals for pregnant and nursing women, infants, and children up to age 5. Contact the WIC

office at your state health and human services department, or find out how to apply at the USDA's Food and Nutrition Service website (<http://www.fns.usda.gov>).

Finding medical care and getting help with medical expenses

A medical emergency can cause a financial crisis. Even if money is tight or you have no insurance, you can obtain preventive and acute care.

Finding and paying for preventive and acute care

Don't neglect your health during a financial crisis. There are many ways to find assistance for yourself and your family.

Get government medical assistance for you and your children. Federal Medicaid benefits are often available to low-income families or those with medical bills they can't pay. Income and asset requirements apply, but these requirements change if a child is ill. Or you may qualify for a subsidy through a health plan created under the Affordable Care Act (Obamacare). You'll find plans listed at [Healthcare.gov](http://www.healthcare.gov). States also offer medical insurance for children and families who earn too much to qualify for Medicaid but who can't afford private health insurance. To learn more, visit the website for the federal Children's Health Insurance Program (<http://www.healthcare.gov>). Or contact your state health and human services department.

Visit doctors and clinics that offer free or reduced-cost care. Many doctors and clinics offer some discounted and free services to patients in need, as do community health clinics. Search online for these doctors and clinics.

Find a hospital that offers services through the Hill-Burton Act. This federal law gave hospitals construction funds; in return, hospitals agreed to provide free or low-cost services to patients in need. You'll find a list of participating medical clinics and hospitals at the U.S. Health Resources and Services Administration website (<http://www.hrsa.gov/getthehealthcare>).

Obtain services from your state health department. All states offer some free

health services, such as exams, immunizations, and well-child care, with no income restrictions. Contact your state or local health department to learn more.

Visit the [Medicare website](#) to learn about special assistance programs that may be available to people over 65.

Paying for a medical emergency or long-term care

A medical emergency or long-term illness has both direct and indirect costs. Indirect costs include child care expenses and even home renovations, such as ramps for wheelchair accessibility. Help is available for both types of costs.

Get an explanation of all medical expenses. Contact the hospital's financial counselor or its business office representative. He or she can help explain your medical costs and contact your insurance company on your behalf. That person can also tell you if you qualify for free services or reduced fees.

Negotiate fees and payment plans directly with the doctors and other providers. You might be able to obtain certain services for free or at a discount. Or you may be able to reduce the cost of all care by a specific percentage. After you negotiate fees, set up a realistic payment plan for each provider.

Request a case manager or social worker. The hospital or your insurance company should be able to provide one. Case managers and social workers can help find and coordinate financial and medical resources, including Medicaid and state medical insurance. They can also decipher bills and paperwork. Contact the hospital's social services department or your insurance company.

Clarify which services and fees your health plan will cover. Contact your insurer about your plan's benefits and limitations. Give that information to health care providers so that they can coordinate care with your health plan.

Appeal rejected insurance claims. Ask your doctors to write letters or help you appeal to the insurance company to get their services covered. Your employee assistance program (EAP) may provide additional help.

Obtain assistance from disease- or disability-related organizations. They offer

a variety of services, including financial and insurance counseling, financial assistance, equipment loans, assistive-technology devices or help obtaining them, and temporary housing if you're traveling out of town for care.

Getting help for dental care

If you don't have dental insurance coverage or cannot afford needed dental work, consider accessing low-cost dental services at a local dental school or other local programs. The National Institutes of Health website (<http://www.nidcr.nih.gov>) offers information on finding low-cost dental care.

Getting help for auto repairs

Automotive repair and maintenance can be expensive, but it's essential for those who need their vehicle to get to work. Local churches or charities may be able to help. To find local options, access the website [Need Help Paying Bills](#). Another strategy is to see if a local high school or technical college offers discounted auto repair services through their auto mechanic training programs.

Getting help for a legal emergency

Contact your local legal aid society or bar association or visit the American Bar Association's website (<http://www.findlegalhelp.org>) to learn which of the following free or reduced-rate legal-aid programs are available in your area. These services are typically available to people with low incomes or special circumstances, such as seniors, children, victims of domestic violence, people with disabilities, women with breast cancer, and others.

Help hotlines. These services provide free and immediate advice, information, and referrals over the phone. None provide ongoing legal representation, but they can refer you to a free or low-cost lawyer.

Attorney referral services. These services match you with attorneys who are qualified to handle your legal problems. The referral is free and the initial

consultation might be, too. But the lawyer will charge for work beyond that unless you negotiate free services.

Legal clinics. In these programs, attorneys, law students, and paralegals provide free legal advice or representation to eligible clients. They may provide advice on a wide range of legal issues, including bankruptcy, domestic abuse, landlord-tenant problems, health insurance issues, and more. Some clinics represent clients in court; others don't. Many legal clinics are affiliated with law schools. Call the law school nearest you to find out if it has one. If not, it should be able to tell you how to find one.

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