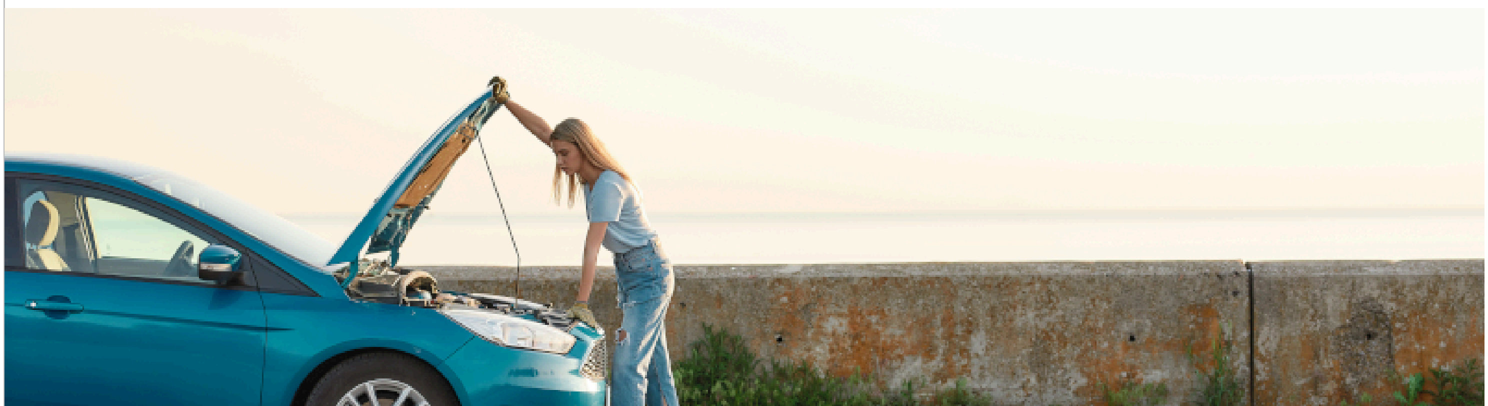
August 01, 2024 | 6 min

Save Share Print

5 times emergency savings rescued real people

Planning ahead helped them handle pop-up expenses.

Fidelity Smart Money



Key takeaways

> Emergency savings can see you through all kinds of financial surprises, whether that's a loss of income or an unexpected bill.
>
> Try to save up until you have 3 to 6 months' worth of expenses, but you can start small, aiming for $1,000 or 1 month's worth of expenses.
>
> Without emergency savings, you might have to rely on high-interest debt like credit cards or personal loans should an expense pop up.

You don't need us to tell you that life is unpredictable. Curveballs can come out of nowhere—and rock your finances if you aren't prepared. That's exactly why emergency savings are so important. Having a cash cushion could help you navigate everything from job loss to surprise expenses that would otherwise derail your budget. Here are 5 real emergency fund examples. Let these stories of getting through a financial setback inspire you to beef up your own savings.

Feedback

1. Back-to-back surprise bills

Even if you're a savvy budgeter, expenses can still take you by surprise (and throw a wrench in your finances). Grace Lemire, 25, a Boston-based content creator, recently learned that lesson when she was hit with not 1, but 2 substantial bills she wasn't expecting.

The first was during a car maintenance appointment Lemire had already set aside $1,000 for. "When they were looking at my car, they realized I needed new front and rear brakes, which was going to be another $1,000." That same month, she went to the dermatologist to have a mole checked, which led to a biopsy—and a medical bill for almost $800. She leaned on her emergency savings to cover both costs.

"I am fully self-employed and always knew that having a financial cushion was going to be important because my income fluctuates," says Lemire. "Having that emergency savings put me in a position where money wasn't an issue when I got those bills."

2. Unexpected unemployment

Back in 2003, Bob Friedland of Little Falls, New Jersey experienced his first job loss. "I had a severance package and unemployment, which were enough to pay rent and utilities and buy food," he says, but he was constantly worried about additional expenses. "When I started working a few months later, I started saving for emergencies."

Fast-forward 2 decades. After 2 years as a communications director for a content subscription service, Friedland again saw his job eliminated. The 47-year-old quickly pivoted and started consulting, but his income wasn't the same. Soon after, his water heater and refrigerator died—adding an extra $2,300 in surprise expenses. If there were ever a time to draw on his emergency savings, this was it.

Having that money available allowed him to cover the repair costs immediately "without having to pay interest on my credit card or a loan, adding more financial stress." While Friedland is out of work, his emergency savings will go toward his mortgage, food, and bills too.

3. Pet health emergency

Rachel Quindlen, 29, an environmental scientist in Gig Harbor, Washington, was caught off-guard when her cat, Bagel, suffered a painful urinary obstruction. Quindlen rushed to the emergency vet and found out her cat needed special medication right away, along with new food. $400 later, Bagel was on the road to recovery.

Quindlen says having cash on hand provided major peace of mind. "I had been listening to some financial podcasts and realized I needed a safety net," she says.

Without it, Quindlen would have had to use a medical line of credit from her vet's office to cover Bagel's treatment. "It's pretty anxiety-inducing to walk around worrying about vet bills or a car accident and not knowing how you'd pay for the situation." But Quindlen was relieved she'd planned ahead. "It's hard to save because of high rent, inflation, and the general high cost of living, but even having $500 in emergency savings like I had helped me for this small $400 scare."

4. RV repair

Michael Lynch, a chief financial officer in Louisville, Kentucky, is a big fan of camping trips. A few months ago, the 47-year-old and his family were on an adventure through the state's Red River Gorge when they noticed something was up with their camper—or really, down. "It was leaning badly to one side," he says. "I climbed under the camper to discover critical brackets that held the trailer's wheels to the frame had failed." That meant the camper couldn't be towed.

Lynch had to contact a mobile RV repair tech to come out to the campsite and fix the camper. That involved a new tire, brackets, and stabilizers, on top of additional campground fees since they had to stay a few extra nights. All in, the fiasco cost about $1,800, which Lynch pulled from his emergency savings. "Without the safety net, we would have been stressed and had to use credit cards."

He and his wife have always been diligent savers, mainly because they've wanted to live as close to debt-free as possible. Having a solid emergency savings has allowed them to handle financial hiccups "without breaking a sweat."

5. Mega moving costs

When Benjamin Fields, 26, relocated to Berkeley, California in 2021 to pursue a PhD, he was stoked to make the move. The only problem was that his new apartment wasn't going to be cheap. "I'm from Oklahoma, and the price of rent there, as well as the standard security deposit amount, is very small," he says.

To move to the West Coast, he had to quickly come up with first and last months' rent—plus another month's worth for the security deposit. The total came to almost $4,000. Fields didn't know anyone who would have lent him that much cash, "and I don't know how I would have paid them back if I did," he says.

Luckily, it never came to that. Although Fidelity doesn't suggest relying on emergency savings for moving expenses, that's how Fields covered these costs. "If I didn't have emergency savings, I would have been in trouble," says Fields, who admittedly "knew nothing about finance" until he learned the basics in college. That's what motivated him to build an emergency cushion, which paid off when he moved to Berkeley. Fidelity suggests replenishing used emergency savings as soon as you're able.

How to build emergency savings

Want to be prepared for the unexpected like these 5 people were? Here's a quick rundown of how to boost your emergency savings:

- Consider stashing your money in an account that will earn interest. Keep it separate from one you pull from for regular expenses and other goals, so you don't withdraw from your emergency savings. You might prefer an account that offers easy access to your money should you need it quickly.
- Set up automatic regular contributions, either directly from your paychecks or transfers from your checking account. That way, it requires little effort to keep going.
- Deposit cash windfalls, like work bonuses and tax refunds, into your emergency savings account.
- Cut your expenses and redirect those savings to your emergency account.
- If you need to draw on your savings, replenish that money as soon as possible using the steps above.

More to explore

Save for what matters to you
Start your goal today.

Try the 52-week challenge
Start with $1 and we'll automatically increase your contribution by $1 each week.

Investing involves risk, including risk of loss.

The views expressed are as of the date indicated and may change based on market or other conditions. Unless otherwise noted, the opinions provided are those of the speaker or author, as applicable, and not necessarily those of Fidelity Investments. The third-party contributors are not employed by Fidelity but are compensated for their services.

1157369.1.1