

How to Deal with Unexpected Expenses

It may seem overly simplistic but there is just no way to expect the unexpected – which makes unexpected expenses a harsh reality that we'll all go through at one point or another. And though you can't guess when or where these expenses will hit, you can still prepare for them.

I know that "Expect the unexpected" sounds like a motivational poster. But there is some truth to it. Today, we're going to discuss six types of unexpected expenses and how to plan for them, from the article that appeared on [Money Crashers dot com in April 2018](#). Preparation can be the difference between an unexpected expense being a crisis, or just an inconvenience. Let's dive in with a big one that I know is worrisome for many folks during retirement.

Number 1. Medical Emergencies. There are few ways that your life can be changed more quickly, both from a health perspective and a financial one, than through a medical emergency. While some healthcare costs can be budgeted for, many emergencies cannot. An unexpected injury or a burst appendix offers no advance warning, and before you know it, you're stuck with a sizeable bill.

Most people prepare themselves for this unexpected expense by having health insurance. Health insurance helps turn an enormous unexpected expense into a more manageable one you can budget for.

And, of course, it's not just human health that can cause an unexpected expense:

Number 2. Pet Emergencies. Pets are increasingly viewed as another member of the family – and when a member of your family has a health issue, you do whatever it takes to address it. For many people, it's instinctive that if the dog has suddenly started having seizures or the cat has started displaying strange behaviors, you take them to the veterinarian's office immediately. This can lead to some significant vet bills, though. To absorb some of the cost of unexpected, pet-related expenses, some people purchase pet health insurance. Such insurance has limitations, though, so another option is to set aside the money you'd spend on pet insurance and build an emergency fund in case something happens.

Another unexpected expense can strike at any time and often at the worst time possible:

Number 3. Major Auto Repairs. Cars come with inherent costs that come with use – maintenance, gas, general upkeep. Those are the expenses that many can build into their budget. But you may not know when your vehicle will require repairs that are due to an accident, or wear, or just bad luck.

How can you prepare for unexpected auto repairs? Collision insurance, of course, is there to help cover any accidental damage to your car. Warranties, and extended warranties, can be purchased to help cover mechanical repairs – and mechanical breakdown insurance is available

for vehicles that are off warranty. Depending on your vehicle, you may prefer to set it aside in an emergency fund instead of purchasing breakdown insurance.

Just like cars, homes come with some built-in costs that you know you can expect. But they also come with surprises.

Number 4. Major Home Repairs. Stashing away some funds for unexpected home expenses may be a smart move. HGTV dot com suggests in their article entitled, “How to Budget for Home Maintenance Costs” that you follow the 1 % rule – put 1 % of your home’s purchase price away each year for repairs. That’s definitely a good start ... but it has limitations.

Good homeowners’ insurance is an important way to make sure you’re prepared for disasters, and standard policies usually cover damage from wind, fire, hail and lightning. Other natural disasters may not be covered, so you should be sure to evaluate the area you live in and may want to add on supplemental insurance if needed.

When repairs are needed, many suggest that you get quotes from three or more separate contractors before choosing who will do the work. Note that it’s not always the lowest bid that’s best. It’s not just about the job getting done cheaply; you want to make sure the job gets done right.

Getting the job done right is something that can be difficult when it comes to unexpected expenses, like this one:

Number 5. Unplanned Travel. When you have the luxury of carefully planning your travel, you can usually select dates, locations, and accommodations that fit your budget. But unplanned travel, as in the case of a wedding, funeral or family emergency, can quickly eat through any allotments you have reserved.

There are a few tips that you can use to limit exorbitant costs related to unplanned travel. First, do your best to find the lowest airfare rate you can. If you have time, select a cheaper flight with a connection. Fly during off hours or days, where possible. If you don’t have friends or family to stay with, seek out hotel alternatives like Airbnb. Save on meals by shopping at the grocery store. There’s really no way to avoid unplanned travel, but you can minimize the damage it does to your budget.

Sometimes, it’s not just the travel that’s unexpected. In the case of a wedding, you’d also have to deal with:

Number 6. Unexpected Gift Expenses. For weddings and a variety of other occasions – baby showers, graduation parties, birthdays and anniversaries – it might be expected that you will provide a gift. If you plan to attend one of these functions, it is customary to bring a gift. But it doesn’t have to be costly. Some of the best gifts are thoughtful, or homemade.

You can also set aside some money in a fund for unexpected gifts or travel expenses. Preparing yourself for unexpected expenses won’t make them go away. But it can make them less painful.

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