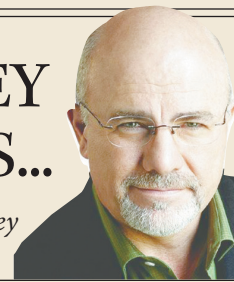


# MONEY

## MONEY TALKS...

By Dave Ramsey



### Make a big purchase during Baby Step 3?

**Dear Dave,**

My husband and I are in Baby Step 3. We currently have \$1,800 saved toward our fully funded emergency fund goal of \$20,000.

I want to spend \$400 on a flour mill that's on sale. You use them to mill wheat into flour.

Our household income is about \$50,000 a year, and we have enough money in our checking account to cover the cost without putting us in a bind. Would this be okay?

—Teresa

**Dear Teresa,**

If you're looking for a flour mill, I've got a used one I'll sell you — cheap. We've even got a 5-gallon bucket of grain sitting at home in a closet from when my wife went through this fad two years ago.

As I understand it, these

machines are basically magic. They filter out all the little glutes, all the little COVIDs and anything else that can kill you, right?

Hey, I'm just being silly with you. I'm all for eating healthy, but here's the deal: The answer I'm about to give you isn't really about a flour mill. It's not even about the \$400.

My answer is about getting you to pay attention to what your actions with money say about your standards, your behavior and your discipline as an adult.

My answer is about getting you to pay attention to what your actions with money say about your standards, your behavior and your discipline as an adult.

When my wife and I were at your point in our financial journey, we would've looked at this situation in two ways: One, it's not a necessity or an emergency. It's just not. Two, we don't even have a full emergency fund of 3-6 months of expenses in place yet. So, we wouldn't have bought the flour mill. I know that's not the fun answer, but it's the smart answer.

Do you get what I'm saying? You've got to have a filter for making decisions that aligns with your framework.

You and your husband have been using the Baby Steps as your framework for financial decisions up to this point.

That part of your brain is screaming, "Don't do it!" — even though mathematically, it's not a really big deal. That's the conflict and the reason you're asking me if it's okay.

Teresa, you and your husband have recently reset the way your brains think about money. You've made so much progress in getting to Baby Step 3, and I'm really afraid this will mess it all up. In my mind, it'd almost be like falling off the wagon, you know?

Long story short, you just started building your emergency fund. This is a luxury item, not an emergency and not a necessity. I wouldn't do it.

—Dave

**Dave Ramsey** is a nine-time national bestselling author, personal finance expert and host of "The Ramsey Show." He has appeared on Good Morning America, CBS This Morning, Today, Fox News, CNN, Fox Business and many more. Since 1992, Dave has helped people take control of their money, build wealth and enhance their lives. He also serves as CEO for Ramsey Solutions.

## SURPRISE EXPENSES

Millions can't cover an emergency expense. Here's how to handle one

**LAURA MCMULLEN**  
NerdWallet

For many people, a surprise expense isn't just a setback — it's an unsolvable puzzle. How can you pay the mechanic or doctor if you simply don't have the money?

That's the reality for millions of people. Thirty-seven percent of adults couldn't completely cover a \$400 expense with cash or money in their bank account, according to the Fed's Economic Well-Being of U.S. Households in 2025 report, released May 13.

Situations like this are common. Nearly 6 in 10 adults had a major, unexpected expense in the past year, according to the report. Among those who knew the cost, the median was between \$1,000 and \$1,999.

Financial advice often starts with building an emergency fund to cover these surprises. But that can be hard to do when you're also dealing with debt payments, insufficient income and high prices on essential expenses. Those are the most common reasons Americans aren't saving more, according to an March 2026 NerdWallet survey conducted by The Harris Poll.

"An emergency fund is an essential part of anyone's financial toolkit and often a priority when building financial stability," says Kimberly Palmer, personal finance expert at NerdWallet. "But the reality is that actually building an emergency fund can be almost impossible when take-home pay barely keeps up with the rest of our expenses."

If you wouldn't have the cash to cover a large, unexpected expense, here are your options.

### START BY ASKING FOR HELP

Depending on the type of bill, you may be able to get some flexibility. Many doctors, hospitals and veterinarians offer payment plans that break your bill into smaller amounts due over time — sometimes with no interest. Utilities companies often do the same and may also offer due date extensions or hardship programs.

Even mechanics, child care providers, insurance companies and landlords may be game to help you in some way, especially if you reach out before a payment is due. Calling and explaining your situation to a real person is often more effective than relying on automated systems.

"Advocating for yourself can feel uncomfortable, but the worst that can

happen is that you get turned down," Palmer says. "In reality, many service providers offer discounts or breaks to those who are struggling — but you have to ask."

This kind of flexibility can help you cover an immediate expense or free up cash from another bill. For example, if you're able to delay your internet payment, you could use some of that money now to cover a car repair.

### MOVE ON TO LOW-COST OPTIONS

These moves can help you cover an expense quickly and may cost little to nothing in interest — but they come with more tradeoffs.

Consider borrowing money from friends or family first. It may be an awkward ask, but a family loan could help you avoid a formal application and approval process, which takes time and a credit check. If you go this route, create a loan agreement and have both parties sign off on the terms.

If the emergency expense is not a service but an item — a replacement microwave or car seat, for example — look into a "buy now, pay later" plan.

BNPL companies break your purchase into multiple payments, with the first one due at checkout. They don't typically charge interest, though some providers charge fees.

Another option: If you have a credit card, it may be the fastest way to cover an emergency expense. But if you carry a balance, interest charges can add up quickly.

Lastly, you could consider a cash advance app if you need only a few hundred dollars. These apps allow you to borrow a small amount, which is then automatically deducted from your account on our next payday. These cash advances are interest-free but do have fees, including charges for fast funding.

### BORROW MONEY IF THAT'S YOUR BEST OPTION

If the expense is bigger and you need to come up with more than \$1,000, a personal loan can provide you with the money you need upfront. Then you repay it every month over the next two to seven years, depending on the terms.

The tradeoff is the interest, with reputable lenders typically charging between 7% and 36%. Borrowers with good or excellent credit are more likely to qualify for lower rates.

For example,

borrowing \$1,500 at a 20% APR could mean paying about \$332 in interest over a two-year term.

If you opt for a personal loan, pre-qualify for multiple lenders. This step takes a few minutes, won't affect your credit and will show the interest rate you may qualify for. With this information, you can compare offers and make the best decision.

If you need the money immediately, online lenders may be your best bet, as they can often provide funds within 24 to 48 hours.

### AVOID PAYDAY LOANS

If you need money now or if your credit isn't great (or both), it can be tempting to take out a payday loan. And yes, these loans do provide fast funding without a credit check — but at a significant cost.

Payday loans can cost from \$10 to \$30 per \$100 borrowed, according to the Consumer Financial Protection Bureau. Typically, you must repay the amount you borrowed, plus those fees, on your next payday in two weeks.

Say you borrow \$300 for a car repair and owe that amount plus \$45 in fees in two weeks. That's the equivalent of a 391% annual percentage rate. For reference, most consumer advocates say that APRs above 36% are not affordable.

Many payday loan borrowers are unable to repay their loan in full, then are charged late fees to extend the date. They may land in a cycle of debt, owing more than they originally borrowed and racking up fees.

Before turning to a payday loan, see if you can qualify for a personal loan. If you're worried about qualifying, add a co-signer who has better credit, or secure the loan with collateral.

### START AN EMERGENCY FUND

If you would be unable to cover a triple-digit expense, consider this your nudge to start saving. That can feel like a big ask these days, so start small by stashing just \$10 or \$20 per month in a savings account. Using automatic transfers can make saving easier and more consistent.

"Setting aside a small amount each paycheck might not seem like a lot, but it will add up over time," Palmer says.

Every dollar you save now is one less you may have to borrow when an unexpected expense pops up.

Laura McMullen writes for NerdWallet. Email: lmcullen@nerdwallet.com. Twitter: @lauraemcmullen.

