

# Emergency Costs

## Issue:

One emergency cost can derail the financial stability of a lower-wage worker. Managing unforeseen emergencies, like a costly car repair, can result in absenteeism, which means lost pay for the employee and work for their employer. Often, lower-wage employees use predatory lenders for these kinds of expenses which fuels a harmful financial cycle.

## Possible Solution:

Allow employees to borrow a determined amount against their paycheck, which can be paid back without interest over subsequent paychecks. You can also work with local credit unions, non-profit organizations or work through HR to co-sign a loan with the employee at a financial institution. Some organization set up this program as a grant instead of a loan, so the employee does not pay back the assistance. Requesting assistance from their employer can feel embarrassing to the employee, so try to minimize the employee's exposure during this process by limiting the reviewers and requirements to receive the loan.

## HR Sample Policy:

[Check IRS Tax Code]

On rare occasion, an employee may incur an unexpected expense, such as, a car repair, repair of an appliance, overdue rent, etc. When these emergency situations arise, an employee may be unable to meet the financial expense. As valued employee, in a time of need, we offer an emergency assistance program. The program allows an employee to take an advance against future earnings to cover up to \$500.00 for a one-time emergency expense. Full-time employees in good standing who have worked with the Company for at least 6 months are eligible to participate in the program. The employee must provide proof of the financial hardship and agree to participate in financial fitness training. The employee must also enter into a repayment arrangement that authorizes the company to withhold installments from future pay, either of accrued vacation time or actual earnings, until the full amount of the advance is repaid. The loan must be fully repaid on or before December 31 of the year the emergency funds were advanced. For more details at the program, please contact Human Resources.



**WOMEN'S FUND**  
of the GREATER CINCINNATI FDN.