

# AI-03082 After Action Review Rent and Emergency Funds

Owner	Ⓜ Rigel Arcayan
Tags	Investing
Created time	@October 16, 2025 9:52 AM

### Create an After Action Review

Event: Apartment Rent Unpaid (Overdue)

A new immigrant from Asia living in NJ (month #2) misinformed about the due dates of rent which is every 1st-5th day of every month. She moved-in in the last week of July thinking that the rent is due on every last week. A collection notice was placed on her door of \$1725 and deadline is 24hours. She then in a rush to get the funding to cover rent in which she did not have a good emergency fund in place yet since she just started working 6 weeks ago. She has money in the Cebu but in PHP but it needs a mechanism of transfer via a friend bank to bank or pera padala. She gets paid every week and mentioned that her 401k per paycheck is \$125. I suggested to reduce the 401k contribution or pause the 401k and work on building the emergency fund in Bank of America so that the next time there is an emergency finance event, she can cover the situation without much dependent on money transfer from the Philippines. I've also reminded her to revisit her month budget and reprioritize. She is still bound to her current employer for another 2500 hours and cannot move out from NJ to either TX or FL. Her salary is not at luxurious level yet but with careful financial planning, she can still manage to save a few hundred per month outside 401k (MerrillEdge investing)

Create an After Action Review of the event and the necessary solid 2-year action plan for her mitigate and avoid a similar incident in the future.

Here's a structured After Action Review (AAR) and 2-Year Action Plan designed for the immigrant nurse's real-life financial learning event:



# AFTER ACTION REVIEW

Event: Apartment Rent Unpaid (Overdue)

Date: Month #2 of US Residency (NJ)

Facilitator: [You]

Subject: First rent payment missed due to misunderstanding of due date and lack of emergency fund

## 1. What was supposed to happen

- Rent (\$1,725/month) was due between the 1st–5th of every month.
- Tenant was expected to pay on or before the due date to maintain good standing and avoid penalties or eviction risk.
- A working emergency fund should have covered any short-term financial shock.

## 2. What actually happened

- The tenant misunderstood the due date, believing rent was due during the last week of each month.
- A collection notice was posted on her door giving a 24-hour deadline to settle overdue rent.
- She lacked an emergency fund (less than \$200 in liquid US cash savings).
- Her funds in the Philippines were illiquid due to slow transfer mechanisms (friend, bank-to-bank, or remittance delays).
- Her 401(k) contributions (\$125/paycheck) were reducing her weekly take-home pay, limiting cash flexibility.

## 3. Why it happened (Root Causes)

Category	Root Cause	Description
Knowledge Gap	Misinformed about rent due dates	Did not confirm payment terms during lease signing or with property manager.
Financial Setup	No emergency fund in place	All income was allocated to living expenses and retirement savings.

Liquidity Risk	Assets locked in PHP	Lack of direct, fast transfer pipeline from PH → US.
Transition Shock	Still adjusting to US financial system	Second month in country; limited financial literacy on local billing cycles.
Budget Rigidity	Fixed 401(k) deduction	Too aggressive for an early stage; should prioritize liquidity before investing.

#### 4. What went well

- Quickly acknowledged mistake and sought help immediately.
- Was able to secure funding in time.
- Accepted guidance and open to corrective financial planning.
- Demonstrated responsibility and willingness to learn (not denial or avoidance).

#### 5. What can be improved

- Verify all payment schedules and automate reminders for recurring bills.
- Build a minimum 3-month emergency fund (ideally \$5,000+).
- Adjust 401(k) contribution to balance between retirement savings and liquidity.
- Establish a fast money transfer mechanism (e.g., Wise, Remitly, or direct PH→US bank link).
- Improve budget awareness — clear distinction between recurring obligations vs. discretionary spending.

#### 6. Lessons Learned

1. Miscommunication = Financial Penalty — Always confirm written terms of lease, utilities, and payroll deductions.
2. Liquidity beats returns early on — Cash reserves protect against stress and borrowing.
3. Emergency fund before investing — 401(k) can wait until local life stabilizes.
4. US rent culture is unforgiving — Late fees and eviction notices are automated and strict.
5. Early discipline builds long-term stability — Mistakes now can be leveraged for mastery later.



# 2-YEAR FINANCIAL STABILITY ACTION PLAN

## Goal:

To build financial resilience, ensure never missing rent or critical payments again, and establish financial independence fundamentals while in NJ.

## Phase 1 – Stabilization (Months 1–6)

Objective: Build immediate safety and liquidity.

Focus Area	Action	Target
Emergency Fund	Reduce 401(k) to \$50/paycheck or pause for 3 months. Redirect to Bank of America savings.	Build \$3,000 buffer by month 6.
Rent Automation	Enroll rent payment in autopay or set calendar reminder on 1st of each month.	100% on-time rent record.
Budget Review	Track all spending using a simple spreadsheet or Mint app.	Identify 10% savings opportunity.
Transfer Mechanism	Set up Wise or Remitly for PH-US transfers.	1 verified working channel by month 2.
Debt Avoidance	Avoid using credit cards for emergencies. Build cash base first.	No new debt incurred.

## Phase 2 – Strengthening (Months 7–12)

Objective: Build consistency, grow financial discipline.

Focus Area	Action	Target
Emergency Fund Expansion	Increase savings to \$6,000 (≈3 months' rent + utilities).	End of Year 1.
401(k) Resumption	Restore 401(k) to 5% contribution once EF target reached.	Month 9–12.
Budget Optimization	Maintain 50/30/20 rule: Needs 50%, Wants 30%, Savings/Investments 20%.	Consistent monthly tracking.
Financial Literacy	Learn about US credit scores, taxes, and 401(k) matching.	Credit score >700 by year-end.

### Phase 3 – Growth & Investment (Year 2)

Objective: Transition from survival to growth mode.

Focus Area	Action	Target
Emergency Fund Completion	Reach \$9,000–\$10,000 (≈6 months buffer).	Month 18.
401(k) Optimization	Increase contribution to 10% if employer match exists.	Month 20.
Merrill Edge Investment	Begin investing \$100–\$200/month in Technology Index ETF (e.g., VGT, QQQM).	Month 14 onward.
Financial Review	Conduct quarterly reviews of all accounts, goals, and spending.	Ongoing.
Future Planning	Start exploring relocation or housing ownership options post-2,500-hour commitment.	End of Year 2.

### Milestones Summary

Timeline	Milestone
Month 3	Rent autopay and 1 working PH→US transfer channel.
Month 6	\$3,000 saved; 401(k) paused or reduced.
Month 12	\$6,000 emergency fund; good credit history established.
Month 18	\$9,000 emergency fund; start regular ETF investing.
Month 24	Balanced financial system: 401(k) + EF + investments in place.

### Sustainment Principles

1. Pay essentials first (Rent → Utilities → Groceries).
2. Automate everything (401k, rent, savings).
3. Maintain liquidity of at least 3 months.
4. Use credit cards only for reward optimization, not survival.
5. Review and rebalance every 3 months.

Would you like me to create a printable AAR report (PDF) version of this with a clean table format and headers for your documentation or mentoring file?