



Coping with a Financial Downturn

FIRST AND FOREMOST – REMEMBER TO BREATHE

Prioritize your spending and focus on those things that are essential. Everything else can slide for at least 90 days, which should hopefully give you time to establish a plan.

Be mindful of how much you are spending on food. Many restaurants, while closed for dining-in, are still offering delivery. With the scarcity on grocery store shelves, this may be a convenient option for lunch and dinner but make sure that you do not over-spend.

With lots of free time on your hands, guard against unnecessary online shopping.

Call all creditors and request forbearance, deferment, waivers, or any extensions for payment that they may offer. Creditors are not normally the most sympathetic in the midst of a financial crisis, but these are extraordinary times. Most if not all lenders understand the state of things and have established special payment plans and options to assist their customers. Some creditors have put into place automatic stays or deferrals but assume nothing will happen without you taking action.

If after basic needs are met, you do have money left to make some debt payments, focus on those debts first that are reporting on your credit. While maintaining a good credit rating may not be your primary concern during this time, those who have worked hard to maintain good credit are very protective of that score. Typically, credit extended through a financial institution are those that will report each month. Usually insurances, utility payments, cell phone, cable and internet payments will only show on your credit after they have gone to collections.

What non-essential things can be dropped without triggering large cancellation fees? Have a list of these items, just in case. Areas to consider include canceling or downgrading cable or your cellphone plan and putting your gym membership or prepaid commuter benefits on hold.

Try to maintain your insurances. This includes Disability, Home, Life and Health insurances. Yes, these are costs that might never be realized, however this is truly one of the instances where it's better to have it and not need it.

Things to be careful of:

- Using secured property to deal with unsecured debt – title loans
- Taking out high interest loans to handle a temporary issue – avoid payday loans
- Using your retirement accounts to deal with hardships—know how it works, and the long-term effects
 - A 401(k) loan will mean owing interest and taxes
 - A 401(k) hardship withdrawal may be penalized with additional fees, not just taxed
 - Money from your IRA before age 59.5 you will also owe an additional 10%



Below are additional links to resources and information that you may find helpful.

Unemployment Benefits

CareerOneStop - Unemployment Benefits Finder

<https://www.careeronestop.org/LocalHelp/UnemploymentBenefits/unemployment-benefits.aspx>

*Use this website to locate your state's unemployment insurance program

USAGov - Unemployment Help

<https://www.usa.gov/unemployment>

The Balance Careers - How to File for Unemployment Benefits

<https://www.thebalancecareers.com/how-to-file-for-unemployment-benefits-online-2064123>

Employee Paid Sick Leave- Families First Coronavirus Response Act

<https://www.dol.gov/agencies/whd/pandemic/ffcra-employee-paid-leave>

Assistance with Food and Essentials

<https://www.fns.usda.gov/disaster/pandemic/covid-19>

<http://www.211.org/services/covid19>

Relief for Home Owners and Renters

Landlord relief from mortgage payments as long as they don't evict tenants

<https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Moves-to-Provide-Eviction-Suspension-Relief-for-Renters-in-Multifamily-Properties.aspx>

Up to 12-month forbearance for mortgage payments on Freddie Mac/Fannie Mae loans

<https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Suspends-Foreclosures-and-Evictions-for-Enterprise-Backed-Mortgages.aspx>

Tax Relief

Federal Tax deadline extended to July 15

<https://www.npr.org/sections/coronavirus-live-updates/2020/03/20/818898752/tax-deadline-extended-to-july-15-over-coronavirus-pandemic>

Student Loan Relief

Wage garnishment and collection actions temporarily ceased

<https://www.ed.gov/news/press-releases/secretary-devos-directs-fsa-stop-wage-garnishment-collections-actions-student-loan-borrowers-will-refund-more-18-billion-students-families>



Student loan payments suspended, interest waived

<https://www.ed.gov/news/press-releases/delivering-president-trumps-promise-secretary-devos-suspends-federal-student-loan-payments-waives-interest-during-national-emergency?fbclid=IwAR2x8rYoeFZ5TuERKIS2q8ZLSfzwIN3G-9eDBKWW-JeE3oGy8m4nX0uXDwk>

Relief Offered by Banks and Credit Card Companies

<https://www.bankrate.com/banking/coronavirus-list-of-banks-offering-help-to-customers-financial-hardship/>

<https://www.bankrate.com/finance/credit-cards/issuer-assistance-programs-amid-coronavirus-fears/>

Relief for Small Businesses

<https://www.sba.gov/page/coronavirus-covid-19-small-business-guidance-loan-resources>

Tips to Prevent Scams

<https://www.consumer.ftc.gov/features/coronavirus-scams-what-ftc-doing>

Information from the Consumer Finance Protection Bureau

<https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/>

National Foundation for Credit Counseling

<https://www.nfcc.org/resources/coronavirus-financial-toolkit/>