

Budgeting & Saving in Times of Uncertainty



No matter what type of financial crisis may have hit you, budgeting and savings at this time is never an easy task. If you or your significant other or spouse has experienced a loss of a job or cut in income, realigning your current budget is something that is a must.

Whatever may be your current immediate financial surrounding, reevaluating your income and expenses can help you get a clearer picture of your finances.

This document will give you some starting points, tips and suggestions as well as some useful documents to help manage your finances during a challenging time.

Re-evaluate Your Current Budget



START WITH RE-CATEGORIZING YOUR BUDGET This can be stressful but understanding where your money is going is crucial. Use the Spending Tracker sheet to determine your current costs during the current crisis.

If your income has decreased, you will have to reassess your current income as you will not be able to budget your money the same way that you have been.

Start with Your Fixed Expenses First



Start making a list of your fixed expenses. These are expenses that are the same amount every month. These are also the most critical payments and are **NEEDS** such as

Housing – Utilities – Food -- Insurance

Make a Second List of Variable Expenses



Next, make a list of your variable expenses. These expenses are items that the amount varies month to month.

Clothing – Hobbies / Entertainment – Personal Care -- Recreation – Dining Out – Shopping

You May Want to Make a Third List of Expenses



Next, make a list of additional expenses:

Taxes – Car Insurance – Premiums

You can also break down your expenses by



Another way to break down your expenses is by categorizing them by:

Must Have's – Need to Have's – Nice to Have's

Re-evaluate Your Expenses



EXTRA EXPENSES

Think about items that you may be paying for such as lawn care, house cleaning or subscriptions. Remember, cutting these expenses do not have to be long term. You may only have to temporarily cut these expenses for the time being until your financial situation changes. Normally these expenses might be hard to cut, but due to social distancing and staying home, these expenses will probably be less painful to cut out of the budget. Determine what is essential to you.

Once you have cut extra expenses out of your budget, go back and revisit your essential expenditures one last time.



**Hobbies &
Entertainment**



Travel



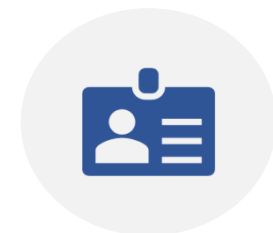
Gym



Eating Out



**Gadgets &
Upgraded Cell
Phones**



**Subscriptions &
Memberships**

Managing Credit & Loans



CREDIT & LOANS

Routinely Check Your Credit Report: Your credit reports and scores play an important role in your future financial opportunities. It is important at any time to ensure that your information is being reported accurately, but at a time of crisis it is imperative especially if you have agreements on your payments. If you haven't requested your free annual credit reports, you can get copies at AnnualCreditReport.com.



Many lenders have announced proactive measures to help borrowers impacted by COVID-19. As with other natural disasters and emergencies, they may be willing to provide forbearance, loan extensions, a reduction in interest rates, and/or other flexibilities for repayment.

CREDIT REPORTING UNDER THE CARES ACT

The recently passed Coronavirus Aid, Relief, and Economic Security (CARES) Act places special requirements on companies that report your payment information to credit reporting companies. These requirements apply if you are affected by the coronavirus disease pandemic and if your creditor makes an agreement (called an "accommodation" in the Act) with you to defer a payment, make partial payments, forbear a delinquency, modify a loan, or other relief.

Managing Credit & Loans



CREDIT REPORTING UNDER THE CARES ACT

How your creditors report your account to credit reporting companies under the CARES Act depends on whether you are current or already delinquent when this agreement is made.

REMEMBER – the rules below apply to only COVID-19 hardship cases.

- 1** If your account is **current** and you make an agreement to make a partial payment, skip a payment, or other accommodation, then the creditor is to report to credit reporting companies that you are **current on your loan** or account. This applies **only** if you are meeting the terms of the agreement.
- 2** If your account is **already delinquent** and you make an agreement, then your account will **maintain that status** during the agreement until you bring the account current.
- 3** If your account is already delinquent and you make an agreement, and you **bring your account current**, the creditor must report that you are current on your loan or account.

This CARES Act requirement applies only to agreements made between January 31, 2020 and the later of either:

- 120 days after March 27, 2020 or
- 120 days after the national emergency concerning COVID-19 ends.

401k & Retirement Funds



401k and RETIREMENT FUNDS

The coronavirus pandemic (COVID-19) has certainly caused disruption in the market hurting retirement accounts. In a time of economic recession, you can limit the damage by taking smart steps to position yourself to make the best in an economic downturn.

Focus on What You Can Control – your behavior

1

You cannot control what is happening in the current crisis, but what you can do is control what you do. Trying to time the market is extremely difficult to do. Market lows often result in emotional decision-making. Investing for the long term while managing volatility can result in a better retirement outcome. Even though you may have fear and there is some uncertainty, stay courageous and continue a long-term strategy that has worked time and time again.

Add More and Take All the Free Money (if offered)

2

Even if you opt to stand pat on your investment strategy, it can still make sense to add more to the account by upping your contribution percentage. The easiest and most secure return you can achieve, however, is your employer match. It's a risk-free profit. Employers will often give you 3 to 5 percent of bonus money if you add a similar percentage to your 401(k). So be sure that you receive the full matching amount.

Avoid Early Withdrawals

3

Early withdrawals are a killer for a successful retirement, so you need to do everything you can to avoid them. That goes double when the market is down, since you suffer not only from having a lower balance in the account but also from selling and not enjoying the future rebound. On top of all of that, the IRS may hit you with an early withdrawal penalty.

One alternative is to take a loan from your 401(k), if the administrator offers it, and not all do. You'll have to pay back the loan, but at least you can avoid the income tax and a penalty on a withdrawal. A loan is generally not a great solution, because it may limit future contributions that you otherwise would have made and you're repaying the loan with after-tax money from your paycheck. The best solution is to avoid taking out any money, if you can help it at all.

Your 401(k) account is about the last thing you should tap for money, especially for any expense that you can delay.

COVID- 19 Resources



RESOURCES TO HELP YOU IF YOUR ARE IMPACTED BY COVID -19

Mortgage & Housing Assistance: If you are impacted by the pandemic, you may be concerned about how you are going to pay your mortgage or rent, forbearance under the CARES Act may be an option. Forbearance can help you get back on your feet during a short time financial difficulty. Forbearance does not erase what you owe, as you will have to repay the missed or reduced payments in the future. Types of forbearance varies by loan. If your mortgage is backed by the federal government – this includes FHA, VA, Fannie Mae and Freddie Mac loans, provisions of the CARES Act allow you to temporarily suspend payments if your are experiencing financial difficulty due to the coronavirus pandemic. Find out more at www.consumerfinance.gov/coronavirus/cares-act-mortgage-forbearance-what-you-need-know/

Student Loans: Federally held student loan payments are postponed and interest has been waived. Learn more here: www.consumerfinance.gov/about-us/blog/what-you-need-to-know-about-student-loans-and-coronavirus-pandemic/

Protect Your Credit: Credit reports and scores play an important role in future opportunities. If you cannot make your payments, contact your lenders. Many lenders have announced proactive measures to help borrowers impacted by COVID -19. Federally held student loan payments are postponed and interest has been waived. Learn more here: <https://www.consumerfinance.gov/about-us/blog/protecting-your-credit-during-coronavirus-pandemic/>

Impact on Your Finances: Take a look at the CFPB's coronavirus page which contains their latest information about protecting and managing your finances during this pandemic. <https://www.consumerfinance.gov/coronavirus/>

COVID- 19 Resources



RESOURCES FOR RETIREMENT PLANS TO HELP YOU IF YOUR ARE IMPACTED BY COVID -19

CARES Act – Retirement Plans: The CARES Act allows eligible participants to request penalty free distributions of up to \$100,000 for qualifying coronavirus-related reasons. This \$100,00 limit is an aggregate for all CARES Act Distributions from all plans maintained but the same employer and related employers (i.e. employers in the same “controlled group” or “affiliated service group”).

CARES Act Distributions are distributions to an individual diagnosed with the SARS-CoV-2 virus or with coronavirus disease 2019 (COVID-19) or whose spouse or dependent is diagnosed with the virus or disease, or to an individual experiencing adverse financial consequences resulting from the virus or disease due to being quarantined, furloughed, laid off, having reduced work hours, being unable to work due to lack of child care, or the closing or reduction of hours of a business owned or operated by the individual. CARES Act Distributions are more favorable than hardship withdrawals—including those for Federal Emergency Management Agency (FEMA)-declared disasters—because:

- The administrator of the Plan may rely on an employee’s certification that the employee satisfies the distribution conditions mentioned above;
- Tax on the income from the withdrawal may be paid over a three-year period;
- Participants may repay the amount withdrawn to an eligible retirement plan within three years;
- Repayments will not be subject to the retirement plan contribution limits; and all contribution sources will be available.

**Please contact your Plan Administrator for more information*

Worksheets



WE HAVE PROVIDED RESOURCES THROUGH THE CFPB (CONSUMER FINANCIAL PROTECTION BUREAU) IN ORDER TO ASSIST YOU

Budget Tool Worksheet: Use the Budget Tool Worksheet to determine what you are currently spending.

Spending Tracker Worksheet: Use the Spending Tracker Worksheet to get a better understanding of how much you are spending each month on all categories. Remember you can always use apps like Personal Capital, Mint or Personal Finance through NBT Bank or a finance manager program through your bank or credit if offered.

Prioritizing Bills Worksheet: Use the Prioritizing Bill Worksheet will help you manage your bills if you are unable to pay them on time.

Cutting Expenses Worksheet: Use the Cutting Expenses Worksheet if you need to find a way to reduce expenses and help you afford the necessities that you cannot live with out.

Bill Calendar: Use the Bill Calendar to set up when your bills are due to ensure you do not miss a payment or incur late fees.

Debt Log: Use the Debt Log to determine how much debt you actually have. Then use the

Request Your Free Credit Report: Make a plan to request your free credit report every 12 months.

Review Your Credit Report: Review your credit report to make sure that you information is accurate. If you find errors, use the Disputing Errors sheet to walk you through on how you make corrections.

Be Aware: Unfortunately in times of crisis, scammers will take advantage to get people's money. Review the CFPB sheet of related scams to Coronavirus (COVID-19) to ensure that you do not become a potential victim.