

Corbett Road

# In The Media

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## 5 Financial Steps You Should Take in the Coronavirus Economy, According to Experts

— By Stephanie Vozza | Sponsored by Credible – which is majority owned by our parent, fox Corporation, and is solely responsible for its services. | August 17, 2020



Cut expenses and increase your cash flow with these ideas. (iStock)

According to the [U.S. Bureau of Labor Statistics](#), the unemployment rate fell to 10.2% in July 2020 as 1.4 million people found work. The report credited improvements in the labor market to Americans who resumed the economic activity they had halted during the pandemic. As Congress hashes out a new stimulus plan, it's important to recognize that the uncertainty the virus brought isn't yet over. And many Americans are [still struggling to pay the bills](#).

Experts recommend taking these steps to address your personal finances, so you're in a better position to respond to how the coming months will affect the economy:

- Step 1: Apply for hardship programs
- Step 2: Trim your budget

- Step 3: Find where you can save money
- Step 4: Sell household items
- Step 5: Seek guidance

### **Step 1: Apply for hardship programs**

File for all the assistance you can to soften the blow on your cash reserves, says Malik S. Lee, certified financial planner and managing principal for Felton and Peel Wealth Management in Atlanta. "Unemployment is the benefit taking up all of the headlines right now, but don't forget about SNAP and all the other social programs," he says. "Remember you're in survival mode, and the faster you apply for these benefits the better."

If you have your bills set on autopay, change to manually paying them so you can take advantage of your grace periods being offered by lenders and utility companies, recommends Lee. For example, [the CARES Act suspended the payment of federal student loans](#) through September 30. Also, several credit card companies and mortgage lenders are offering [hardship programs](#) for those finding it difficult to make the payments.

"Be proactive; don't wait for creditors to come calling," says Juan C. Ros, a certified financial planner for Forum Financial Management in Thousand Oaks, Calif. "Contact your landlord or your mortgage provider about payment options if you have been laid off or furloughed. File for unemployment right away. And if you are still working, increase your withholding allowances in order to have more take-home pay."

Hardship loans can be a good option if you need a temporary fix during hard times such as coronavirus. But this isn't your only option. If you have a strong credit history and good credit score, you may qualify for a personal loan that offers a longer repayment term. [Use Credible to see if you qualify for a personal loan](#) and determine whether it makes sense for you.

### **Step 2: Trim your budget**

Your income might be unsteady, but some of your spending is within your control. While it seems basic, figure out your budget, says Matthew Gaffey, a certified financial planner for [Corbett Road Wealth Management](#) in McLean, Va.

"Start by consistently tracking your spending and figuring out where your money is going," he says. "If you find it is going towards items or activities you don't truly want or need and you can reallocate that money towards savings or activities that support you attaining your goals, then do so."

The coronavirus shed light on our priorities, adds Gaffey. "Many people have already started or are in the process of simplifying their lives," he says. "For example, while many gyms have reopened at this point, they were closed for months and those people who wanted to

exercise during that time, were forced to find other alternatives. If those alternatives proved efficient and less costly, why are you still paying for your gym membership?"

This is the perfect time to trim the fat out of your budget, says Marianela Collado, a certified financial planner with Tobias Financial Advisors in Plantation, Fla. "With such ease of transacting these days, people got really comfortable automating everything from monthly subscriptions and quick one-click Amazon buys," she says. "Now is the time to buckle up and reassess what is really necessary. Use programs like Mint.com or Quicken to become aware of where your money is going. Awareness is key to make changes."

### **Step 3: Find where you can save money**

In addition to cutting costs, look for places to reduce them.

"It's always worth a call to your auto and home insurance agent to see if you can reduce your insurance expenses," says Devin Pope, a certified financial planner with Albion Financial Group in Salt Lake City, Utah. "And check with your cable, internet, phone and alarm companies. Sometimes they're running specials, and you won't get them if you don't call."

It's also an [excellent time to refinance your mortgage](#) with rates at record lows. According to Freddie Mac, the latest rates for a 30-year fixed mortgage dropped to a new record-low of 2.88 percent, which is a decrease of 0.11 percent from the previous week. And the average rate for a 15-year fixed mortgage also fell, dropping from 2.51 percent to 2.44 percent in the same period.

If your [credit score didn't drop due to the pandemic](#), this could be an ideal time to cash in on the market conditions. See how much money you could save with a mortgage refinance by visiting Credible to [compare rates and lenders](#).

### **Step 4: Sell household items**

In addition to cutting expenses, find ways to add revenue streams. Many people took the increased time they spent at home to clean closets and declutter. You can turn some of those items into cash by holding a garage sale or posting on sites like eBay, Facebook Marketplace, or Mercari.

You can also sell your stuff to consignment stores or online resellers. The average U.S. household has \$199 in unwanted tech devices, according to [a survey](#) by Decluttr, a tech resale site that will buy your gadgets as well as books, CDs and DVDs. And if you've got old textbooks laying around, several companies will buy them. You can compare offers at [BookFinder.com](#).

### **Step 5: Seek guidance**

Pro bono financial counseling is available in many areas, so take advantage of the free help, says Ros.

“Utilize resources like Greenpath Financial Wellness or the National Foundation for Credit Counseling,” he says. “Seek comfort in a faith-based or spiritual community, and contact a mental health professional if you experience stress or anxiety.”

Moments like these are a reminder of why planning and emergency funds are so critical, says Collado. “[Your finances are] never a set-it-and-forget-it project,” she says. “Life is all about the unpredictable.”

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