

Financial strategies in the face of uncertainty, 20MAR2020

Sharon Robinson, CFP® Personal Financial Counselor, Truax Field

This week I heard a timely comment from a financial advisor. When asked about his reaction to the COVID-19 pandemic, he said, “Keep your hands away from your face...and your retirement portfolio!”

Long term investors need to stay the course, but what if you are facing a financial squeeze due to loss of work? Your budget and financial strategies should be hands-on. Here are some considerations:

Reevaluate your budget and pare down your spending. Make difficult cuts as necessary. Remember this is temporary, cut back on as much as you can, as soon as you can. Do you need Amazon Prime, Netflix & Spotify? These expenses may be minimal on an individual basis, but when added together it may mean the difference between making your rent payment or not.

Make at least the minimum payments on debt. Your credit report will look better if you at least make minimum payments. If you are having difficulty, reach out to the credit card company or lender to discuss alternatives. You may ask them to reduce your monthly payment, reduce or drop late fees, or pay interest only until you can resume normal payments. But, before you start the new payment plan, get the agreement in writing.

Do not take on additional debt. Avoid pay-day lenders or car title loans. Television ads make these alternatives look attractive, but they are generally predatory lenders, and on an annual basis the interest could run as high as 400% (according to CFPB). It is a short term solution that may lead to a long term problem. As an alternative, consider if family or friends are willing to help you out with a short-term loan.

Can you increase your cash in-flow? Sell stuff you don't use anymore, consider a part-time job or doing odd-jobs to help bring in a little extra cash, turn a hobby into a micro-business. In some cases, you may need to temporarily reduce retirement savings. Similarly, think about changing your withholding so you get the needed money now, not as a tax refund next year. (Use the withholding estimator at IRS.gov)

If you would like assistance in reviewing your new budget plan or have other questions, please reach out to me, or a Personal Financial Counselor in your area. All PFCs will work with you at no cost, and we do not push any product. Our ONLY interest is YOUR financial readiness. During this period of Social Distancing we are available via phone, email, or virtual meeting.

See below for a list of PFCs for Wisconsin and some additional resources.

Personal Financial Counselors (PFCs)

Madison Janet Garkey, AFC® pfc.wi.ng@zeiders.com 703.635.9274	Milwaukee Walter Teske, CFP® pfc3.wi.ng@zeiders.com 414.265.8230
Madison/Truax Field Sharon Robinson, CFP® pfc6.wi.ng@zeiders.com 608.630.0974	Neenah David McNurlen, ChFC® pfc.neenah.usar@zeiders.com 920.460.5660
Madison/NOSC Kay Wade, AFC® pfc.nosc@zeiders.com 608.609.6742	Chippewa Falls Linda Walker, AFC® pfc4.wi.ng@zeiders.com 715.202.3385
Wausau/Marshfield Roy Kaiser, CFP® pfc5.wi.ng@zeiders.com 715.660.1424	

Join the Truax/Volk Family Readiness FaceBook Closed Group to keep up with rapidly changing information

<https://www.facebook.com/groups/WIANGFamilyReadiness/>

Resources for tough times

<https://fyi.extension.wisc.edu/toughtimes/covid-19-financial-resources/>

IRS Coronavirus tax relief

<https://www.irs.gov/coronavirus>

<https://www.taxadmin.org/state-tax-agencies>

State of Wisconsin Resources relevant to Covid-19--Updates

<http://govstatus.egov.com/wi-covid-19> (scroll down to Wisconsin State resources)

WI Department of Workforce Development – COVID-19 Public Info, including unemployment info

<https://dwd.wisconsin.gov/covid19/public/ui.htm>

Steps to take if you have trouble paying bills

https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/#anchor_paying-bills

What to do if you lose your income

https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/#anchor_income-loss

Be aware of potential scam attempts

https://www.consumerfinance.gov/about-us/blog/protect-yourself-financially-from-impact-of-coronavirus/#anchor_potential-scams

TSP – Investment Strategy: Stick To Your Plan

<https://www.tsp.gov/whatsnew/Content/index.html#operations>