

7

TIPS FOR MANAGING YOUR FINANCES DURING COVID-19

We recognize that students are in a wide range of situations and that their circumstances may limit what they are able and willing to do right now. Nearly everyone is managing hardship in some capacity. Individuals are losing jobs and wages that they had been counting on, with no guaranteed return to a stable state. It can be very hard to plan anything right now with so much uncertainty in the world. We hope to provide some tips for what you can do to help yourself financially during these uncertain times. Not all of these tips will apply to you, and that's okay. We want to highlight a variety of options so that you can approach your personal finances in the best way for you.

1. Stay informed and stay safe.

- It's no secret that the global economy is struggling due to the COVID-19 pandemic. Now more than ever, it's crucial to pay attention to financial news in order to protect yourself and your wallet. Stay up to date by subscribing to a newsletter by a resource you trust. If you use any financial apps (like Mint or Acorns), they might offer a newsletter that covers the latest financial news.
- If you're new to managing your money, our office provides comprehensive personal finance education resources on our website. Now is a great time to start learning!
- Protect yourself against scams. Scammers are taking advantage of the instability of the world we live in. Double check the security of your accounts and keep your personal and financial information private. Learn more about common scams to look out for at <https://bit.ly/covid-scams>.



2. Re-assess your financial relationship with your family.

- Talk to your family about any significant financial changes that may be necessary, especially if a family member has lost their job. Can they continue to support you in the same way they have? Will they be relying on you in different ways than before? Start the conversation so that all involved parties are on the same page.

3. Re-assess your own financial outlook and plans.

- The COVID-19 pandemic may have led you to some new realizations about your financial habits and needs. This might prompt changes to your financial goals. It can be hard to anticipate the future right now, but identify what's in your control and make a plan.



4. Adjust your budget.

- Arguably the most important step in creating a budget is the regular assessment and adaptation that happens when significant financial changes occur. There is no doubt that significant financial changes are happening globally right now. Assess how you're affected and re-distribute your budget allocations.
 - While some costs have likely gone down (social costs, dining out, transportation, haircuts, dry cleaning, in-person fitness classes, etc.), others may have gone up (groceries, food delivery, online services and subscriptions, etc.). Adjust your budget to reflect the changes.
- Contribute more to savings.
 - If there's one lesson to learn from the global pandemic, it's that the unexpected can happen at any time, so we should be prepared for it as much as we can. We're not saying you should hoard canned goods in your pantry, but you should have a plan for when the unexpected happens. Start an uncertainty fund if you don't have one already.
- Plan for irregular income.
 - If your income has changed during this time, decide how you plan to manage it. You also may be expecting some additional one-time income, like a stimulus check, a tax refund, emergency aid, or a credit for on-campus housing and/or dining.
 - Take inventory to determine how much of your income has to be dedicated to bills, groceries, and other necessary costs, then decide how you want to manage the rest. We recommend saving it for later.

5. Assess your banking relationships.

- If you have limited income right now, try to reduce unnecessary fees charged to your account. Many accounts charge fees for not maintaining a minimum required balance and/or not meeting a monthly minimum direct deposit. If you plan to switch banks, consider a high-yield online savings account to maximize your interest earnings.



6. Examine your relationship with debt.

- Right now, you might experience more leniency related to debt than you typically would. Weigh the tradeoffs of continuing to pay down debt vs. saving money while you can. Here are some things to take into consideration:
 - Through September 30, 2020, federal student loan payments have been suspended and interest rates are at 0%. You're not required to make payments during this time, but you can make voluntary payments. Making payments during a period of 0% interest will lower your total amount paid by the end of your loan's term.
 - Reduce credit card usage and pay more than your minimum balance. The future is uncertain right now. Limit unnecessary purchases as you don't know what the future holds financially. If avoiding extra interest payments is a priority for you, make payments larger than the required minimum.
 - If you're not concerned about your debt levels right now and have more urgent financial needs, it could benefit you to pay minimum amounts for a period of time and dedicate resources to current expenses or uncertainty savings instead.

7. Consider investing more or for the first time.

- If you have the means to do so and feel comfortable, now could be a good time to enter the market. It's cheaper to enter right now, so you'll get more bang for your buck. Be aware that investments always carry a risk and that the market has been especially turbulent over the past two months.

