

# How to Manage Financial Challenges

During the COVID-19  
Pandemic



**Resource Guide**



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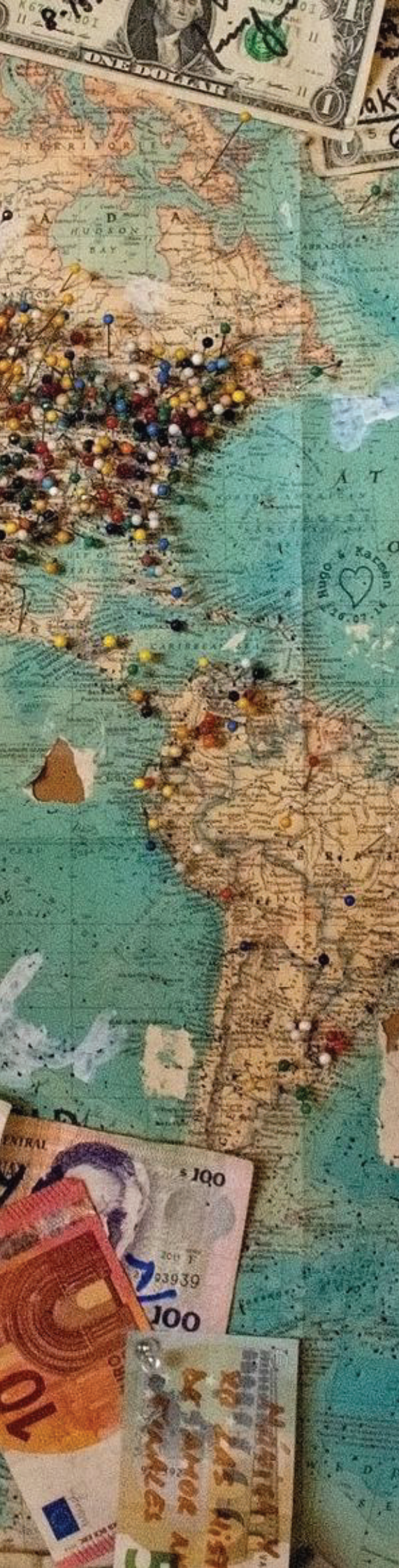
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## How to Manage Financial Challenges During the COVID-19 Pandemic

The spread of COVID-19 has drastically altered the day-to-day routines of many Americans. People are experiencing reduced hours, job loss, or other financial setbacks that cast doubts over their financial future.

This uncertainty causes many people to seek financial assistance in order to make ends meet. This guide covers several ways people can manage the financial challenges as a result of the COVID-19 Pandemic.

If you are struggling with debt and you may need to discuss your situation with an expert. Contact our financial counselors at GreenPath Financial Wellness for a free [debt counseling session](#) to better understand your financial situation and get a personalized plan to get out of debt.

# DEALING WITH AN INCOME LOSS

The following steps will help you stay as financially healthy as possible if you experience an interruption or loss of income.

## 1 Review Your Budget and Prioritize Expenses

You will want to know as much as you can about your budget and expenses. If you don't have a budget plan in place already, you can start planning for your monthly expenses by using this [worksheet](#).

Identify and total up all income sources and assets such as savings that may be able to get you through until you can resume working or replace your income.

Review your living expenses and eliminate the things you can live without. Reduce essential expenses as much as you can. You may be able to save money by doing things like planning your meals to save money at the grocery store, or reducing your electric bill by cutting energy usage.

You may also be able to save money on your debt by finding options to lower interest rates or reduce monthly payments.



## 2 Talk to a Financial Counselor to Help You Prioritize and Make a Plan for Managing Your Finances

Whether you are experiencing a temporary disruption to your paycheck, or a longer-term income loss from layoff or job loss, a financial counselor can help you figure out your plan.

We will walk through your whole financial picture and help you identify options that can relieve stress and make it easier to bounce back. We will offer assistance to make a budget, decide what to prioritize, and create a plan. At GreenPath, financial counseling is free.



## 3

## Make a Plan for Your Savings, Credit, Retirement Accounts

If you need to spend savings or take on short-term debt, create a plan for using those assets and refilling those accounts once you are able to replace income or resume working.

- **Look to your “liquid” assets first, drawing on cash savings accounts and non-retirement investments.** Working with your budget, determine how much you will need to draw to cover your basic expenses. Make a plan to pay back your savings when your income is resumed.
- **Consider whether credit is a feasible option.** Taking on credit card debt or personal loan debt will come with interest rates, fees and a new monthly payment. Look for low interest rates, low fees and favorable terms; and plan for what a new monthly payment will mean to your budget.
- **If you have retirement savings, you may be able to borrow against them or cash them out in times of financial hardship.** There may be penalties up to 10% for cashing out a 401K before retirement age, and you may have to pay income taxes on any portion that you cash out. Please consult with a tax advisor.
- **Treat your use of your savings and other assets as a “loan” to yourself.** Write a repayment plan into your budget as soon as you can replace income.

Be ready with a payback plan in your budget, if you do decide to use credit to get you through an unexpected income loss. The faster you pay off interest-bearing debt, the less you will spend on interest and fees.





# FILING FOR UNEMPLOYMENT

An increasing number of American adults have lost their jobs or had their work hours cut as a result of the coronavirus pandemic, creating a spike in jobless claims. If you are unable to work due to COVID-19, it is worthwhile to explore whether or not you qualify for unemployment benefits.

The Department of Labor's [eligibility requirements](#) dictate that you are unemployed through no fault of your own; meet work and wage requirements; and meet any additional state requirements. However, [new options](#) offered by the federal government now allows states to pay benefits in new situations related to COVID-19, including a temporary cease in operations, employee quarantine, or leaving due to risk of exposure or infection. The Department of Labor notes that employees are not required to quit in order to receive these coronavirus-related benefits.

Additionally, the CARES Act [coronavirus stimulus bill](#) could give jobless benefits to “those who are unemployed, partially unemployed or unable to work because of the virus and don't qualify for traditional benefits,” including the self-employed, contractors, and gig economy workers.

**How To File for Unemployment Benefits**  
You can [go here](#) and select your state to learn how to file for unemployment benefits.

## How Much You Will Get From Unemployment Benefits

[According to Newsweek,](#) unemployment insurance typically covers 45% of an individual's income, with the national average weekly benefit ranging from \$300 - \$400 a week. The new CARES Act stimulus may give recipients an additional \$600 a week for four months, with up to 13 weeks of extended benefits.



# PAYING YOUR BILLS

In these uncertain times, many Americans have questions about their financial future and how they will be able to pay their bills. Fortunately, there are several steps you can take to ease your financial hardship and minimize the damage to your [credit score](#).

## 1

### Prioritize Bill Payments

If you still find yourself struggling to make payments, you will need to prioritize the bills you pay. We typically recommend that [bills be paid](#) in this order:

- |                              |                    |
|------------------------------|--------------------|
| 1. Food, Medicine, Childcare | 5. Child Support   |
| 2. Housing                   | 6. Income Taxes    |
| 3. Utilities                 | 7. Unsecured Debts |
| 4. Auto                      |                    |

Fortunately, many companies are responding to the coronavirus outbreak with more flexible payment options for creditors, which may allow you to shift your priorities as needed.

For example, homeowners are potentially eligible for [reduced or suspended mortgage payments](#), and can reach out to their lender about a payment plan. The proposed coronavirus stimulus bill would also grant additional protections against foreclosures and evictions. (See our section on making mortgage payments and avoiding foreclosure for more information).

## 2

### Contact Your Creditors

If you are worried about paying your bills, it's important to contact your creditors as soon as possible. Try to make this call before the due date, and be prepared to explain your situation and how long you expect your financial hardship to last. If your financial situation has recently changed due to job loss or reduced hours, a new budget analysis can help you calculate how much you can reasonably pay to each creditor.

It is also worthwhile to look into whether your creditors have established hardship programs during COVID-19. Financial institutions are being urged to meet the needs of affected people and communities, and over 550 companies and associations have pledged not to terminate phone or internet services for 60 days. Other creditors may be able to extend your due date, waive late fees or offer a different payment plan option.

Take a few moments to prepare before you call so you can clearly communicate your needs:

- Call before your payment is due if possible
- Be ready to share why you are unable to pay, and how long you expect this to be the case
- Determine what you can reasonably pay during this time of difficulty

***Use the pages at the end of this guide to record your various creditors' contact information and also take notes on the conversations you are having***





### 3

## Look for Opportunities to Lower Your Bills

Working out payment plans with lenders and prioritizing your bills is the first step. You will also want to look for opportunities to save on the bills themselves. Many utility companies already offered [budget plans for utility payments](#) pre-pandemic, and shutoff policies will likely evolve as the situation progresses.

You can also [save money at the grocery store](#) by planning before you shop, comparing prices, and sticking to your list. With the new emphasis on social distancing, many grocery stores are now offering curbside pickup or delivery (often with waived fees), making it easier to limit impulse buys and review your cart before ordering.



# AVOIDING FORECLOSURE OR EVICTION

Depending on the severity of your financial situation, you may be worried about foreclosure or eviction, but new federal regulations and a proposed coronavirus stimulus bill can help you stay in your home. Here's what you need to know.

## Homeowners Can Reduce or Suspend Mortgage Payments

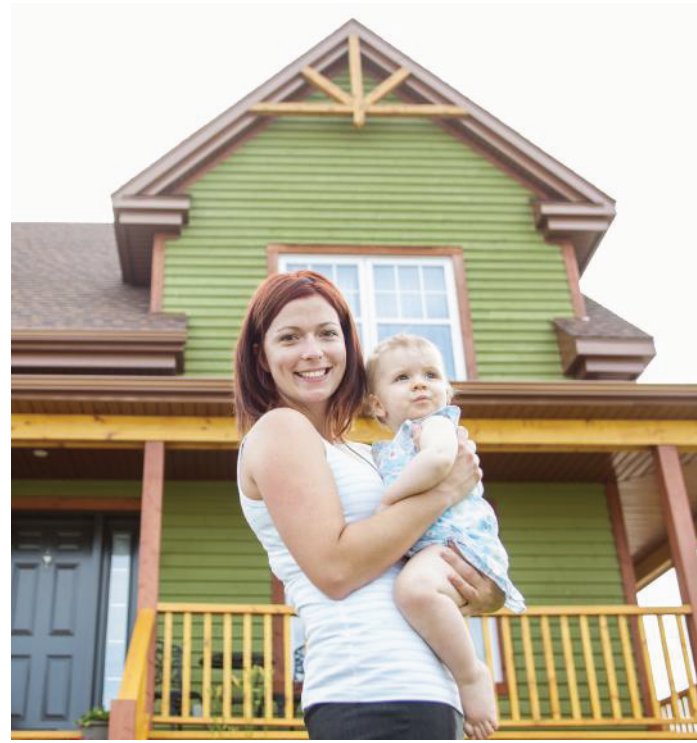
Borrowers who have mortgages through Fannie Mae and Freddie Mac may be eligible for up to 12 months of [reduced or suspended mortgage payments](#). If you have lost income or your job due to coronavirus, you should contact your lender to work out a payment plan.

Additionally, the [coronavirus stimulus bill](#) mandates “forbearance on a federally backed mortgage loan of up to 60 days, which can be extended for four periods of 30 days each,” for anyone who has experienced financial hardship due to coronavirus. These lenders are also prohibited from charging fees, penalties, and additional interest as a result of missed payments.



## Avoiding Foreclosure

If you do not qualify for the forbearance period or are still unable to make mortgage payments after this time period, you may be facing foreclosure. According to NPR, the new legislation says that “servicers of federally backed mortgage loans may not begin the foreclosure process for 60 days from March 18,” which gives you some breathing room — but you need to be proactive to keep your home.



There are many [foreclosure prevention options](#) for you to explore, including repayment plans, loan modifications, and refinancing. Many mortgage lenders have offered these options in some capacity prior to the coronavirus outbreak, and you may find their policies are now more flexible for those facing financial hardship. Contacting your lender before the [foreclosure process](#) begins will give you the most options in terms of keeping your home.

GreenPath has created a [mortgage assistance guide](#) that outlines the steps to take when contacting your mortgage lender/servicer.

If you are unsure what your next step should be, contact the certified housing counselors at GreenPath for [free foreclosure prevention](#) counseling. We can talk to your lender to explore options and even help you apply for specific programs.

**Contact Us**



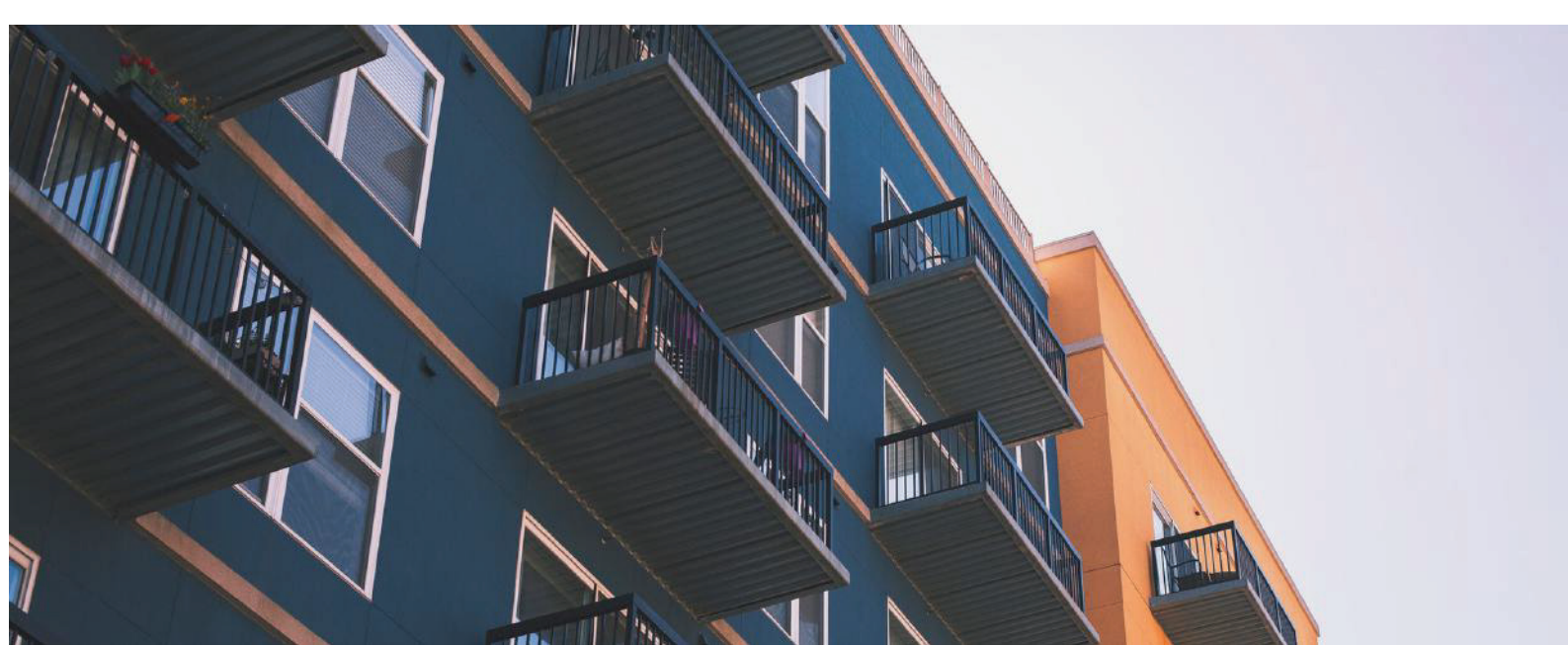
## Renters Have New Protections

Renters may also have new protections from eviction during the coronavirus outbreak.

- [The U.S. Department of Housing and Urban Development](#) has suspended “evictions of persons from properties secured by FHA-insured Single Family mortgages” for 60 days.
- The new stimulus bill would expand on these protections; according to NPR, “those with federally backed mortgage loans who have tenants would also not be allowed to evict tenants solely for failure to pay rent for a 120-day period, and they may not charge fees or penalties to tenants for failing to pay rent.”

Unfortunately, landlords who do not have federally-backed mortgages are exempt from this federal oversight, so not all renters have these protections. If you are in this situation, we recommend researching the [eviction policies](#) of your state and city, which are continuously changing as the coronavirus pandemic evolves.

If you don't see an eviction policy for your area, it may be worthwhile to reach out to your landlord and see if you can work out an arrangement for suspended or reduced rent payments during the outbreak.



## Staying Proactive

Although there are many new programs and legislation to help keep people in their homes, these changes are not applied automatically.

Homeowners and renters need to be proactive and reach out to their mortgage lender or landlord to request COVID-19 relief.

GreenPath has created a [mortgage assistance guide](#) to assist you in contacting your mortgage lender/servicer.

Additionally, many of these new policies and laws are not forgiveness programs. You will still need to pay back your mortgage lender or landlord the money owed, so it's important to consider the timeline and amount of these repayments. Those still struggling with debt can contact our financial experts for [free debt counseling](#) to better understand their financial situation and develop a personalized action plan.

**Contact Us**





# PAYING STUDENT LOANS DURING COVID-19

According to [Forbes](#), more than 44 million people owe student loans totaling over \$1.5 trillion in student debt combined. These student loan payments can be a major financial burden for Americans, especially during a time of uncertainty.

## Federal Student Loan Repayment

The new stimulus bill is expected to give additional protections to federal student loan borrowers. Payments will be automatically suspended for six months, and interest rates set to 0%. Borrowers should confirm that this has been enacted in their accounts before stopping payments, and those who need a longer-term solution may want to consider an income-driven repayment plan or other student [loan repayment options](#).

Students should contact their school's financial aid office with questions about completing the school term or potential changes to their financial aid.

## Private Student Loan Repayment

The stimulus bill does not apply to loans taken out through private lenders. If you are unable to pay your private student loans, some private education lenders "have been offering students extended payments and other types of assistance during the COVID-19 outbreak," and are encouraging borrowers to contact them directly.

## Graduate From Student Debt

Still unsure how you can repay your student loans? [Contact our certified student loan experts](#) to better understand your student loans and repayment options. Enhanced Student Loan Counseling is also available for those already in default or having trouble dealing with student loan servicers.

**Contact Us**



# FINDING COMMUNITY RESOURCES

It is often helpful to find out what community programs are available to assist with immediate expenses like groceries.

[United Way's 211 service](#) can connect you to local resources for food, utility assistance, emergency shelter, and other services in your community. Dial 211 on your phone to connect with resources in your local area.



**211info** is the quickest way to connect to resources that can help

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## CONTACT 211 FOR HELP

-  **Food**
-  **Housing**
-  **Childcare**
-  **Utilities**
-  **Healthcare**  
and more...

 211INFO	 @211INFO	
 211INFO.ORG		

## Notes

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# Notes

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