

## **Making A Plan**

It is easy to be overwhelmed and to feel like there is little you can do in the face of job or income loss, on top of health concerns for you and your loved ones. But, just as following guidelines to avoid getting sick, there are steps you can take to reduce the financial effects of job or income loss. Let's walk through how you can take control. Use the following worksheet or notebook paper or computer software, whichever is comfortable for you.

### Step One: What You NEED?

1. First, know what you really need to get through this period. If you haven't already, take some time to write down your regular expenses: food, housing, gas and car insurance, previous medical costs (medicines, copays, insurance premiums), utilities, fees for internet or other regular expenses. *You'll find a worksheet you can use at the end of this document.*
2. Second, review your expenses to see what can be reduced. For example, you probably are not driving as much, so you'll spend less on gas. You may have eaten out regularly or paid for tickets to sporting events or concerts that are not available now.
3. Third, decide what you can reduce or live without for a couple of months. For many households there may not be much to work with, but it's good to know where you are. Put down the total of what you need to get by on a monthly basis.

### Step Two: What You HAVE

1. First, write down what you are receiving or expect to receive from working (if you are working), unemployment, support from other sources. Some sources, such as the Stimulus Payments will be one-time. Others, such as unemployment, will be regular but limited in time. Most emergency help will be short term. Include Social Security or other regular benefits if you receive them. List these on a monthly basis. Likely things will improve in much less than a year; if so, you may be able to relax.
2. Second, write down what personal savings you have, if any, in a bank or credit union. If you have retirement or other kinds savings, such as college savings, put those down as an income source, but do not include them your total income yet. You don't want to use these funds except as a last resort. Making withdrawals will significantly reduce your income for retirement, children's education or long-term medical expenses.
3. Third, compare what you really need to spend with what you actually have to spend. Now you know your real situation and can see where you need to focus to make your plan.

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4. Fourth, if you need more than you have, where can you reduce expenses? This is where the second tool comes in: you may be able to take advantage of temporary reductions in common expenses. See below for how to get Making More of Less.

**Note:** Rappahannock residents who need funds immediately should contact the Benevolent Fund, Inc., for help with both Emergency Financial Aid and for applying for public benefits. Call 540-671-0421.

### **TAKE CONTROL AND MAKE YOUR PLAN!**

If you would like to talk through these steps and making your plan, contact FamilyFutures to set up a free and confidential phone or Zoom discussion: [info@family-futures.org](mailto:info@family-futures.org).

You can also request our tip sheet: Making More of Less. Tips include ways to temporarily reduce spending on car insurance, mortgages, credit cards or other necessities.

A safe national source to get help planning is the nonprofit National Foundation for Credit Counseling: <https://www.nfcc.org/>; or 800-388-2227. Counselors work with you by phone and on-line. NFCC also has very useful toolkits for individuals and businesses: <https://www.nfcc.org/resources/coronavirus-financial-toolkit/>.

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### Income/Expense Worksheet

Use this worksheet to write down your income and expenses so you can make your plan.

The first page is for income. The second page is for expenses. The third page is to compare income and expenses and to make choices for your plan.

| <b>INCOME</b>                               |                  |  |                          |
|---|------------------|--|--------------------------|
| <b>Source</b>                               | <b>How Much?</b> | <b>For a Month or Week or One Time</b> | <b>My income is less</b> |
| Paycheck                                    |                  |  |                          |
| Social Security                             |                  |  |                          |
| Unemployment                                |                  |  |                          |
| SNAP/Food Stamps                            |                  |  |                          |
| Childcare subsidy                           |                  |  |                          |
| Child support                               |                  |  |                          |
| Other/Stimulus                              |                  |  |                          |
| <b>Total Income (A)</b>                     |                  |  |                          |
| <b>SAVINGS (don't include in income)</b>    |                  |  |                          |
| Retirement (401, IRAs, other)               |                  |  |                          |
| Emergency savings                           |                  |  |                          |
| Other savings (CD, education savings, etc.) |                  |  |                          |

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| <b>EXPENSES</b>                  |                 |                            |                          |
|----------------------------------|-----------------|----------------------------|--------------------------|
| <b>Type of Expense</b>           | <b>How Much</b> | <b>For a Month or Week</b> | <b>I can spend less.</b> |
| Housing                          |                 |                            |                          |
| Rent/Mortgage                    |                 |                            |                          |
| Home or renter insurance         |                 |                            |                          |
| Utilities                        |                 |                            |                          |
| Internet/cable/phones            |                 |                            |                          |
| Other (property taxes)           |                 |                            |                          |
| FOOD                             |                 |                            |                          |
| Groceries                        |                 |                            |                          |
| Household supplies               |                 |                            |                          |
| Other food expenses              |                 |                            |                          |
| TRANSPORTATION                   |                 |                            |                          |
| Gas                              |                 |                            |                          |
| Vehicle maintenance              |                 |                            |                          |
| Vehicle insurance                |                 |                            |                          |
| Vehicle loan                     |                 |                            |                          |
| HEALTH                           |                 |                            |                          |
| Insurance premiums               |                 |                            |                          |
| Medicines (include copays        |                 |                            |                          |
| Other (glasses, etc.)            |                 |                            |                          |
| PERSONAL/FAMILY                  |                 |                            |                          |
| Childcare                        |                 |                            |                          |
| Clothing                         |                 |                            |                          |
| Laundry                          |                 |                            |                          |
| Donations                        |                 |                            |                          |
| Other personal expenses          |                 |                            |                          |
| FINANCE                          |                 |                            |                          |
| Fees for checks/ money transfers |                 |                            |                          |
| Prepaid cards/phone cards        |                 |                            |                          |
| Bank/credit card payments/fees   |                 |                            |                          |
| Payments on loans                |                 |                            |                          |
| Savings deposits                 |                 |                            |                          |
| <b>Total Expenses (B)</b>        |                 |                            |                          |

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### STARTING MY PLAN

Total Income (A): \_\_\_\_\_ Minus(-) Total Expenses (B): \_\_\_\_\_

Equals (=) \_\_\_\_\_

### Where am I?

\_\_\_\_\_ I have more than I need.                      \_\_\_\_\_ I need more than I have.

### What is my plan for the next 2 to 6 months?

1) Review your income and expenses. Decide what you will do. You may choose more than one.

- Look for work from home                       Save for emergencies  
 Cut some expenses                               Help family or neighbors  
 Borrow from friends or family                 Use retirement or other savings  
 Other \_\_\_\_\_

2) Now go back and make changes in your income and expenses according to your plan.

3) Use the right column to put in new figures for reduced spending or income.

4) Total the new figures and compare them again.

5) Review your decisions and commit to your plan.

You may find helpful options to cut expenses in the separate document: Making More of Less.

### YOU CAN DO THIS!

For help with your plan, contact [info@family-futures.org](mailto:info@family-futures.org).

## **Making More of Less: Resources to Reduce Your Expenses**

Updated April 27, 2020

The following tips may help you reduce some of your expenses for two to six months. New information is coming out from many sources almost daily. For more details, or for individual financial coaching, contact FamilyFutures: [info@family-futures.org](mailto:info@family-futures.org).

### **CAR LOANS**

[https://www.consumer.ftc.gov/blog/2020/04/behind-car-payments-because-coronavirus?utm\\_source=govdelivery](https://www.consumer.ftc.gov/blog/2020/04/behind-car-payments-because-coronavirus?utm_source=govdelivery)

Do not do nothing. Contact your lender.

- Some banks, credit unions, and auto financial companies are letting people delay payments or renegotiate payment schedules.
- Some are temporarily forgoing repossessions
- Get any agreements in writing.

### **AUTO INSURANCE**

A number of insurers are giving discounts or rebates to policy holders, but terms vary a lot. (All State, American Family, Geico, Progressive, Liberty Mutual, USAA, Nationwide, Travelers, and Farmers, among others). Check with your own insurer to find out whether you can benefit, how much and for how long.

### **UTILITY BILLS**

The VA State Corporation Commission (SCC) issued an [order](#) directing utilities it regulates, such as electric, natural gas, and water companies in Virginia, to suspend service disconnections for 60 days to provide immediate relief for any customer, residential and business, who may be financially impacted by the COVID-19 outbreak.

### **BANKING**

Some banks are offering payment relief assistance for loans, waiving penalties for early CD withdrawals, or waiving other fees. Check with your own bank or credit union.

### **MORTGAGE PAYMENTS**

In some cases, you may be able to forgo a monthly mortgage payment, but you will need to check with your lender or loan servicer. Often you will have to document your income loss is directly related to Covid-19.

**USDA:** [https://www.rd.usda.gov/sites/default/files/USDA\\_RD\\_SA\\_COVID19\\_ProgramImmediateActions.pdf](https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions.pdf)

- lenders may offer 180-day loan repayment deferrals under the Rural Development Guaranteed Loan Program
- Single-family housing Direct and Guaranteed loans subject to moratorium on foreclosure and eviction for 60 days, including evictions in progress
- Guaranteed loans: lenders shall provide immediate forbearance if requested based on financial hardship directly or indirectly caused by Covid-1

**FHA:** <https://www.hud.gov/sites/dfiles/OCHCO/documents/20-04hsgml.pdf>

Starting March 18, lenders must

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- Halt all new foreclosure actions and suspend all foreclosure actions currently in process;
- Cease all evictions of persons from FHA-insured single-family properties.

**Fannie Mae:** <https://www.fanniemae.com/portal/media/corporate-news/2020/covid-homeowner-assistance-options-7000.html>

- Foreclosure sales and evictions of borrowers are suspended for 60 days
- Homeowners impacted by this national emergency are eligible for a forbearance plan to reduce or suspend their mortgage payments for up to 12 months
- Credit bureau reporting of past due payments of borrowers in a forbearance plan as a result of hardships attributable to this national emergency is suspended
- Homeowners in a forbearance plan will not incur late fees

**Freddie Mac:** [http://www.freddiemac.com/blog/homeownership/20200422\\_contact\\_for\\_assistance.page?http://www.freddiemac.com/blog/homeownership/20200323\\_extending\\_help\\_to\\_homeowners.page?](http://www.freddiemac.com/blog/homeownership/20200422_contact_for_assistance.page?http://www.freddiemac.com/blog/homeownership/20200323_extending_help_to_homeowners.page?)

You need to contact your servicer, which you can locate through this link if you don't know it. Freddie Mac is:

- Ensuring payment relief by providing forbearance for up to 12 months
- Waiving assessments of penalties or late fees
- Halting all foreclosure actions and evictions of borrowers living in homes owned by the company until at least May 17, 2020
- Offering loan modification options to provide mortgage payment relief or keep those payments the same after the forbearance period

### **FEDERAL STUDENT LOANS**

Loan Collection Suspension <https://studentaid.gov/announcements-events/coronavirus>

To use these options, you will have to make arrangements with your servicer(s). Links to Federal loan servicers are on the site above.

- Interest on federal student loans (Direct Loans, FFEL Program Loans, Federal Perkins Loans) is suspended from March 13 to September 30.
- Student loan payments are also suspended.
- Interest will not accrue on defaulted loans.
- Payments made between March 13 and March 27 can be refunded.
- Collections of tax refunds or wage garnishments are also suspended. If you filed your return before March 13 and part or all of your return was seized, you may or may not get it back: ask. Seizures after March 13 may be refundable to you.
- Loans held by private lenders may be handled differently. Check with your servicer.
- As of March 25, contracted collection agencies should have stopped making calls or sending letters or billing statements.

**Note:** suspension does not apply to loans held by private lenders, but some lenders may be flexible. Check with your lender.

### **MANAGING CREDIT CARD DEBT**

Some card issuers are waiving minimum payments or late fees. But you must contact the card issuer to learn their policy. Be sure to get specifics on whether any amounts temporarily waived will still be accumulating interest to be paid later and whether waivers will be reported negatively to the credit bureaus.

[Info@family-futures.org](mailto:Info@family-futures.org)

Box 570 Sperryville, VA 22740; 540-987-3336

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### PROTECTING YOUR CREDIT

- Contact any lenders if you are unable to make payments. Some are providing forbearance, extending loans, reducing interest rates, or offering other flexibility. But you must talk with each.
- Get any agreements in writing and be sure relaxed terms will not be negatively reported to the credit bureaus
- Get your credit report if you have not done so recently. Order online from [annualcreditreport.com](https://annualcreditreport.com), the only authorized website for free credit reports, or call 1-877-322-8228. You will need to provide your name, address, social security number, and date of birth to verify your identity.

### APPLYING FOR STIMULUS PAYMENTS

If you don't have a bank account on record for direct deposit with the IRS or Social Security Administration, you can still give your bank account information for direct deposit to the IRS. But ACT QUICKLY as checks are already going out, starting with lower income households. <https://www.irs.gov/coronavirus/non-filers-enter-payment-info-here>

If you do not have a bank account, you can ask for a paper check, but that likely will take much longer.

- If you have not been filing returns because your gross income was below the threshold (\$12,200 this year for a single person), you will have to use the Non-Filer link above to give the IRS a way to deliver your stimulus payment.
- The IRS will not take your payment for back taxes or penalties or for student loan collections, but outstanding child support will be collected.
- Everyone on your tax return must have a Social Security number in order for you to receive a stimulus payment.
- The Stimulus payment is not taxable.
- The amount of your payment will depend on your income reported on either your 2019 return, if you have already filed; or on your 2018 return, if you have not filed this year. If you have not filed a return or received social security payments in either year or prior years, you may still receive a payment but must provide a bank account or mailing address. Use the link above.
- If you have not filed this year and are likely to receive a large refund for Earned Income Credits, Child Credits or other refundable credits, file your return as soon as possible. Unless your adjusted gross income is very high, it will not reduce your stimulus payment and will give you funds sooner.
- Looking ahead, if your 2020 taxable income drops, you may receive even more money as a refund. If your 2020 income is higher, you won't have to pay back Stimulus money.

When will your payment arrive? You can check here: <https://www.irs.gov/coronavirus/get-my-payment>

**Note:** Watch out for scams. The IRS will never call, email or text you to request information or to pay back anything. Don't respond to any requests for your personal information.

**Holding on to your payment:** <https://library.nclc.org/protecting-against-creditor-seizure-stimulus-checks>

If you have garnishments against you, it is possible that creditors holding the garnishment will be able to remove money from your account. To avoid this, either ask for a paper check or check your accounts frequently and remove funds as soon as they are deposited.

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### **BORROWING MONEY**

If you can possibly avoid it, don't borrow. First try the resources in this list or other kinds of help. Especially avoid Pay-Day Lenders and Auto Title Loans. They will cost you many times the dollars of a loan. Here's a place to learn how expensive these kinds of loans can be: [https://www.consumer.ftc.gov/blog/2020/04/what-you-should-know-about-payday-loans-and-car-title-loans?utm\\_source=govdelivery](https://www.consumer.ftc.gov/blog/2020/04/what-you-should-know-about-payday-loans-and-car-title-loans?utm_source=govdelivery)

### **USING RETIREMENT ACCOUNTS**

Penalties and withholding will be waived for qualified distributions from retirement plan accounts, but this is not a step to take lightly. Using retirement will reduce your resources for the long term. You will have to self-certify to coronavirus eligibility for your retirement plan manager. Exactly which options are available to you will depend on the terms of your plan(s). Check with your plan manager.

- The CARES Act waives the 10% early withdrawal penalty and 20% withholding for coronavirus-related distributions across all qualified retirement plans and Individual Retirement Accounts (IRAs).
- You may take up to an aggregate of \$100,000 in coronavirus-related withdrawals from eligible retirement plan accounts and IRAs. The distribution can be made through December 31, 2020.
- Distributions will be taxed but you will have the option to pay taxes due over a three-year period.
- You may replace what you withdraw within three years regardless of any usual annual contribution limits.
- Depending on the terms of your retirement plan, you may be able to take a loan between March 27 and September 23.
- If you have an existing retirement plan loan, you may be able to suspend payments for one year.

### **COLLEGE SAVINGS PLANS**

If you can possibly avoid it, don't make withdrawals. As with other investments, the value is lower now but will recover over time.

- If you make a withdrawal for other than allowed expenses (tuition, fees, room/board, etc.), you may pay a 10% penalty on the earned interest portion of the withdrawal, plus ordinary income taxes.
- Virginia's 529 plan has not published much specific information but:
  - If you received a refund from a college because of cancelled classes, room and board fees, or services, you can redeposit that amount into your VA 529 up to July 15.  
<https://www.virginia529.com/blog/can-i-put-my-school-refund-back-into-my-529-plan/>
  - Refunds from K-12 schools may not be redeposited.
  - If you are making deposits to VA529 by prepayment, late fees will be waived.

### **HEALTH INSURANCE**

If you have lost health insurance because of job loss, you have basically two options:

<https://www.nfcc.org/resources/coronavirus-financial-toolkit/>

1. Buy a plan through the Health Insurance Marketplace. When you apply, you will also find out if you are eligible for Medicaid and/or or Children's Health Insurance. The Virginia site is:  
<https://www.coverva.org/marketplace/>.

**Important: if you lost insurance, you have only 60 days to become reinsured through the Health Insurance Marketplace.**

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2. Sign up for COBRA coverage, which allows you to continue your employment-related insurance; but you are responsible for the whole premium, which can be quite expensive. To learn about COBRA, contact your employer.

### **Medicaid:**

If you are receiving Medicaid, many rules are relaxed: <https://www.virginia.gov/coronavirus/healthcare-and-health-professionals/#855785>

- Co-payments eliminated for services covered by Medicaid and Family Access to Medical Insurance Security (FAMIS), including COVID-19-related treatment as well as other medical care.
- You should not lose Medicaid coverage due to lapses in paperwork or a change in circumstances.
- Medicaid members may obtain a 90-day supply of many routine prescriptions, an increase from the 30-day supply under previous rules.
- Pre-approval requirements are waived for many critical medical services, and there are automatic extensions for approvals that are already in place.

### **Applying for Medicaid**

If you need to apply for Medicaid, the process does not require an interview or application. Call the Department of Social Services: (540) 675-3313. Staff are taking calls routed to their homes.

### **Private/commercial health insurance**

If you had private insurance, through your employer or otherwise, know that that many are making adjustments. You will need to contact your insurer to learn what their Covid-19 policies are. Look for the customer service number or link on your plan documents or a recent statement. Here's a place to find health plans in alphabetical order: <https://www.ahip.org/health-insurance-providers-respond-to-coronavirus-covid-19/>. Many of their adjustments are related to Covid-19 issues, but some address other needs, such as co-pays.

## **FINANCIAL ISSUES FOR PERSONS WITH DISABILITIES**

The National Disability Institute has established a site dedicated to addressing the effects of Covid-19 policies and options for persons with disabilities: <https://www.nationaldisabilityinstitute.org/financial-resilience-center>.