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# Coronavirus and Your Finances: Preparing for an Emergency

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## Stay Calm, Wash Your Hands, and Follow These Tips for Financial Preparedness

Never in a million years would you have made a specific financial plan for a new virus to disrupt the global economy or your paycheck. Unfortunately, our bank accounts do feel the ripple effect of larger-than-life forces and events across the globe. These tips can help you reduce anxiety and be financially prepared for emergencies, an unexpected interruption to your income, or any of the other curve balls life might throw your way.

### Make a Financial Plan for Emergencies

Preparing yourself for a financial setback such as an unexpected loss of income, can set you up to handle it with less stress, and bounce back more quickly. It is especially helpful to think about these plans at a time when things feel "normal," so that we get the full advantage of perspective on a potentially frightening and stressful event.

If you are feeling anxiety, stress or panic about your finances because of interruption to your income or any other financial setback, it may help to talk with a financial counselor. We will help you look at your situation and make a plan to move forward.

You can [request a call](#) for a free financial counseling session to assess your situation and help you through decisions about savings, cutting expenses and making a budget that sets you up for recovery.

[REQUEST A CALL WITH A FINANCIAL EXPERT](#)

## How to Prepare for a Financial Setback: Emergency Savings

Cash savings are a lifeline for minimizing the effect of income interruptions, unpredicted expenses, or other financial setbacks. That emergency savings account can buy you peace of mind, and it can buy you the time to figure out a longer-term solution. Guidelines for emergency savings generally suggest setting aside enough to cover three months of expenses – but getting started with any amount will help. Set a mini-goal to cover two weeks, or one month of expenses, and go from there.

Even if you don't have an emergency savings account in place yet ([and nearly 1/3 of us don't](#)), these 3 tips will help you prepare for or recover from an unexpected setback. Think of them as preventive medicine and first aid.

### #1 – Assess Your Budget

Take a fresh look at your monthly income and expenses. Total up your monthly take-home income to find out what you have to work with. Categorize your expenses into essential (bills you have to pay, like housing, food, utilities, medicine and debt), and non-essentials (things you could defer or things you could go without, such as entertainment, subscriptions, restaurant meals, and so on). Subtract your total expenses from your take-home income to find out what you have available to devote to savings.

If you don't have a budget, download [our spending plan worksheet](#) to get started.

### #2 – Cut Back on Expenses

Take a closer look at non-essential expenses and see what you could live without to free up more money for your emergency fund. Temporarily canceling subscriptions or deferring a non-essential purchase until you reach that savings goal can help you make progress faster.

Also audit your essential spending to find places to save. You can shave dollars off of your **grocery bills**, energy costs, and transportation costs (among others) to redirect to savings.

You can also save money on debt. Paying the minimum amount on your credit card bill is more expensive overall because you end up paying more in interest and fees. Lowering your interest rate or **paying off the debt** altogether can free up more to put toward savings. Depending on your situation, you may opt to temporarily divert money to your emergency fund and pay less toward debt, or it may make more sense to make a full push to get out of debt as quickly as possible.

## #3 – Prioritize Savings

Once you've found places to free up money in your budget, total up those new-found dollars and write them into your budget as monthly deposits to your emergency fund.

You may want to open a separate account to help build savings without drawing on it. You can also use automated transfers to your savings account to help you stick to your monthly goal. Another option might be to adjust your direct deposit to have a portion of it deposited into your savings account.

## If Debt Is Making It Hard to Save Money

People often find that a lot of their budget goes to paying off debt, which can make it even harder to devote money to emergency savings. There are a number of **different options** for paying off debt that may make sense for your situation.

If you feel overwhelmed by debt or your efforts to pay off debt are not making progress, a debt management plan could be a helpful tool to lower your interest, **save money** and pay off debt faster.

[Call GreenPath Financial Wellness Now: 877-337-3399](tel:877-337-3399)