

Budgeting when income is uncertain

Part 1

Presented by My Secure Advantage

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[Barbara] Everyone's having a great Friday. As you can see we are at home like most of Americans right now, and we're happy to be here to do this presentation with you. Thank you for joining us for budgeting when income is uncertain. My name is Barbara Quan, and I will be one of your presenters today. I'm an accredited financial counselor, also a money coach, and I have about, 20 years almost, of financial experience. So, In that time, I've actually been through the recession we had back in 2008, and a lot of those same emotions and feelings are coming back, and the stress a lot of times of what do we do with our finances. So that's why I think it's great that you're joining us today because we will be talking about how to manage your finances in this time to be able to relieve some of the financial stress. So thank you for joining us.

[Vivian] And welcome everyone. We're actually here in New York City live. My name is Vivian Perez and I'm actually one of the money coaches as well, and presenter today. I'm actually a certified financial educator, as well as a credit counselor. I've been in financial services for close one decade now. And I love doing this work because ultimately a lot of times, especially in situations like this, we don't know like what are our options, what can we do, but having someone that can support you through this process, just makes it a lot easier for you. And so we're excited today to give you this information, hopefully, it could give you some tips and ideas that can help you get to these uncertain times. It's definitely challenging for all of us, here but we're going to make light of it and we're all definitely going to get through this. And so before we get started, oh I'm sorry.

[Barbara] Just to say that since Vivian said she's a New York, I'm in California. So we're both, you know, in lockdown, but in different ends of the country. So, we're glad to be here.

[Vivian] Yes. And so before we get started, a little bit of housekeeping. First we want to let you know that we are going to have some time for Q&A. So as we go through this presentation, if there are any questions that come up, you should see on your dashboard that you have a section to put in questions. Nothing is a bad question. So really, as we go through it, we are going to answer it at the end of the presentation, or towards, you know, once we get closer to the end. But as they come up, just feel free to put those questions in there for us.

[Barbara] And before we move forward with what we're going to be doing today, we want to let you know that we're going to shut down our cameras so that you are able to hear us and see the presentation, hopefully a little bit better, I know that the bandwidth or internet usage right now is crazy, we're doing, everyone's online. So therefore we're trying to make it a little bit better for you. We'll come back on towards the end of the presentation.

[Vivian] Correct. And so if you missed anything, don't worry about that actually, we're going to be recording today's webinar. And so we'll have access to this webinar in the next business day. So if for some reason either you missed anything or you want to go back and reference something that we spoke about today, don't worry about that, we actually will have this presentation available in the next business day. And I want you to know that your opinion matters as, you know, we're going through these transitions and trying to make the best with our presentation, anything that comes up to mind that you want to share with us, there's going to be a brief survey after the broadcast if you can fill that out. Let us know your thoughts, anything that comes up we would definitely love to hear what you think about today's presentation.

[Barbara] So, what are we going to talk about today? Here's our agenda: we want to cover as much ground as possible, and first we're going to talk about the latest financial programs available out there for us. And we'll do a quick recap of last Friday's webinar. Whatever we talked about last Friday. As you may know, we are doing these presentations weekly, and every Friday we want to bring you the latest and the most up to date information. So, we'll talk about that first, and then we will go into talking about your budget, even though everything, really, that we're talking about today, relates to your budget, we'll focus in the middle of the presentation on some good tips and resources to help your budget, and we'll finish up with debt in uncertain times and a lot of questions come in, we've had a lot of questions and concerns about what to do with your debt when income is short, or when there are programs out there being offered as far as deferral, etc. So, we'll talk about what are some good things to be considering. And lastly, we'll close out with an action plan. What are some good steps you can take right away. So, the first section, the latest financial programs and resources. As I said, we wanted to recap first some of the programs that have been in place now for a few weeks, and we've talked about in the last couple of presentations, and then we'll transition right into the latest information that we have for you. Things are changing so rapidly that we're giving you up to date information. We don't know what will be new and changed by the end of today or next Monday, but tune in next week to be able to be caught up to date as well. So, the first is taxes, we talked about taxes, because that, really the IRS was one of the first ones to step in knowing that our usual deadline is April 15th, which is just about 12 days from now, they extended it to July 15th, both filing for taxes, or also making the payments. Now, just because they are postponing it, if you have the ability to file your taxes now, we definitely recommend it. You maybe due a refund, and you want to get that as soon as possible. So don't delay in filing if you don't have to. Also, they are extending the IRA contributions. A lot of people sometimes will wait till the beginning of the following year to complete or do their full contributions to the IRA. The IRS has extended it through July 15 as well. And temporarily they have waived your requirement to do a minimum distribution. So if you are of the age of 70 and a half or even 72 which started actually this year, where you were allowed to wait until 72 years old to do your required minimum distribution, now you can hold off and not do it if you don't need to. Of course, if you're a need for that income, you still want to go ahead and do it, they're giving that option to people.

[Vivian] Great insight, and unemployment is definitely something that a lot of people are dealing with right now. It is said that the numbers keep climbing. But there's eligibility that has been expanded to pay workers and the situations that are happening right now. Whether it's if an employee is prevented to go to work due to the COVID-19, or any type of issue in that manner, or, if a person's local authority actually makes them close down their business, a freelance, or self employed individuals are also being able to get unemployment, and the waiting period here has also been waived. They're extending these benefits now by an additional 13 weeks, and you may be able to receive an extra \$600 a week as well. So they're being very flexible and they're trying to do their best to make sure that everybody's covered. Obviously no one expected this. But you would have to go to your local state office so that you can apply. Each state has a local online application that you can look up to fall for unemployment. So definitely do your research so that you can start that process if needed. Now, when it comes to federal student loans, there's also flexibility here as well. Basically, any loan that's about a backed US State Department of Education loan, the interest has been paused, and that does include direct loans, as well as Federal Perkins loans and federal family education loans. And it's basically allowing you to have the forbearance now through September 30th. You do want to reach out to your servicer just to confirm those details. There's also information on studentaid.gov as well that you can see these updates because things are changing pretty much daily, but this looks like it's the basic of how they're handling the student loans, but definitely look into your servicer just to confirm that. Same thing with your private student loans. They're definitely giving flexibility on payments as well as the forgiveness programs. So just make sure that you reach out to your servicers just to make sure that everything is on the same page so that you can make sure that you're covered through this period.

[Barbara] And just to encourage everyone, it's, right now they are seeing record breaking people trying to access both unemployment, and their student loans, so even if you're not getting through the lines, you're not getting a quick response, still please apply as soon as possible, and keep trying to get through the system just because they are overwhelmed, but the sooner you can get through, the sooner you can apply, the better. But with student loans, you don't need to apply you just want to double check that they are implementing that. And with student loans, it's really a great time that if you can't afford to make the payments right now that there's no interest and no payments required, that if you're able to make those payments, you make them, because this is going 100% towards your principal. So this is a great way to reduce the time that you have to pay your student loans back. Now, talking about another big one, and a lot of questions about this is the stimulus payment that was just passed last Friday. So we're a week in. A lot of different entities are still working on putting things together to make sure we can get our stimulus payment, but here are the good news that if you already filed for your 2018 or 2019 taxes you don't have to do anything but wait for your check. If you received a direct deposit they will use that information to do a direct deposit of your payment, of your stimulus payment. If you didn't, then they would be mailing it to you and that could take quite a few weeks. So we encourage you to check the [irs.gov](https://www.irs.gov) website so that you can make sure that you give them your direct deposit information. So that they can send you that check as soon as possible. You can see on this graph, you will be receiving \$1200 if you made adjusted gross income of 75,000 or less, that's for a single person. For a married couple filing jointly, you'll be receiving \$2400, if you made 150,000 or less. And if you have children that are younger than 16 years of age, you would be able to receive \$500 per child. Again, if they're younger than 16. Anyone above that, unfortunately you won't receive anything. Now, they also have a cap, the cap is \$99,000. Anyone that makes above \$99,000 as a single filer, or \$198,000 as a married filing jointly, you won't be eligible for the stimulus payment. But in between 75 and 99,000, the check will be reduced \$5 for every \$100 that you make above 75,000, or 150,000. So on the graph, you can see the example that if you make 80,000 in adjusted gross income as a single person, you'll probably be receiving about \$950. Now, that's still something. So definitely, if you have not filed your taxes for 2018 or 2019, you want to do it right away. You want to be able to get, anything helps in this time. Now, if you don't usually file taxes because of Social Security, maybe you receive social security or disability, you may not need to do anything, you want to check the [irs.gov](https://www.irs.gov) website for updates, they may want you to do a short tax form for you to be able to get that information into them, and they can send you the check. So, just check because they're still not quite sure and even the [irs.gov](https://www.irs.gov)

website, as of last night, didn't have the up to date information with it, so just make sure to check often. Also, let's talk about mortgages. A lot of people that have mortgages, they're seeing themselves, it's usually our biggest payment in our budget, our biggest payment of the month. So a lot of people are struggling with even coming up with the full amount to make that payment. A lot of lenders are offering deferral or forbearance programs for 90 days. You want to contact your lender directly because they all have their different nuances, different fine print, and you want to make sure you're aware of those. Typically what they're doing is offering 90 days of deferral forbearance and waiving late fees, and it should not affect your credit score for these 90 days, but a lot of times they want that payment or for you to catch up in a lump sum at the end of the forbearance period. So that means you would have to have the funds to pay those three months that were deferred plus that month that is due at that point. So a total of four months. So you want to be very careful on what type of programs you're signing into because it could have some more lasting effects. A lot of people, if they're not able to come up with the three months or four months at once could be available for a loan modification, but this then starts affecting your credit score. And it takes a little bit longer process to apply and qualify for. So you just want to be careful before signing the dotted line if this is something that you would be able to sustain for the next few months.

[Vivian] And very similarly to the mortgage, there is rent relief right now. It's a little bit tricky. So depending on the situation, the first things first would be to contact your landlord and get agreement in writing. For the most part, across the US right now, there is eviction protection. But these are on properties, or with landlords that have mortgages backed or owned by Fannie Mae, Freddie Mac, or other federal entities. So if it's more of a private building that you're currently living in, you definitely want to talk to your landlord to see just what current programs, or if he can work with you. Right now on the state, local level, many states are also implementing protection around eviction. So again, it's just kind of taking a look to see what your current state is offering. For the most part, majority of the bigger states, or at least where there's a lot of impact with the virus, there's definitely some type of protection around rent. So, look into that as well as on the city level, a lot of cities are also implementing some type of eviction program. And even more so than that, there's also, if none of these are helping, there's also nonprofit organizations that have rent assistance, and they have some tools and things that they can help with as well. So, if you're currently going through a situation where you're not able to cover your rent, there's those different entities to look into to see which one can give you some relief. And you can also find information online on the housing urban development website, which is HUD.gov. You'll see it, there's a broad big banner as soon as you get on the website that shows what are the different programs that are available now to prevent renters from dealing with any kind of backfire. But just keep in mind that, basically, what they're allowing is that they're covering you for the next couple of months, it doesn't mean that you don't pay it. It's just that they're giving you more flexibility, and they should not be evicting you or charging any fees or penalties, but at the end of the day, you still are responsible for paying the rent at some point over these next 120 days.

[Barbara] And what we mean by federal backed loans is those federal backed housing, it really means that the landlord, whoever your landlord is, has a mortgage that has been backed by federal government, whether it's Fannie Mae, Freddie Mac, or federal loans like FHA, VA. So if your landlord has those types of mortgages, that's when they're giving you this moratorium. Now, if the landlord doesn't have a mortgage, maybe the house is paid off, now that's a little bit more tricky. So you definitely want to be proactive. Talk with your with your landlord, but the state, and local, and federal level may be stepping in to really not institute any evictions. Since it is a court process, that's where they would not allow any evictions at that time, which is there to help you. But again, like Vivian said, it doesn't mean you're not making the payments, they're just, they cannot evict you from your home.

[Vivian] Right. And so another thing that recently came up that a lot of people have questions around is the 401K hardship loan or distribution, or basically the same thing with an IRA. Now, there's a couple of things that you need to know, because there's certain details around how this all works. First of all, your company's 401K plan sponsor will determine if these are basically funds that you can basically withdraw, right? So, it's a different type of hardship distribution. Typically one has access to funds in their 401k and there's a hardship, but this one in particular, it's due to being negatively impacted by the COVID-19. So if you can show proof that you've been affected where maybe there was a furlough, or maybe you tested positive, or a family member, or something along those lines, then there is a possibility that your company's 401k plan can allow you to take distribution. Now the distribution is either up to \$100,000 or 100% of the balance. Similarly with the loan, like now you have ability to loan more if you choose to do a loan. Now there is a difference between the loan and the distribution. A loan, you don't have to pay taxes on it, but on the distribution you do have to pay taxes on it. Now here they are giving more flexibility on when to actually pay back those taxes, you're basically allowed to pay back those taxes spread over the next three years. They're waiving the 10% early withdrawal penalty, but you just have to be mindful around those taxes. So again, you have to talk to see and see if your plan even offers this. And if they do, then from there, now you can see there's some flexibility around taking out the funds due to the coronavirus. And so we say, ultimately, that you want to be mindful around with withdrawing as a distribution, because one, as you've seen, in the last couple of weeks, there has been losses in the market. So you have to be mindful that as you're pulling out, you're pulling on those losses, right? So if all else fails, where the is basically the last resort, this is an option for you. But just keep in mind that you have up to a certain amount of money that you can pull out, and then you have to repay those taxes over the next three years.

[Barbara] Yeah, and I think just to reiterate what Vivian said, this is a last resort. This is for your retirement and we want to let it sit and grow for retirement. They are giving this greater amount of loan or distribution because people are seeing themselves in a very tough situation right now. So it is there for you to use, but use every other resource available first, investigate and research everything else, and then if there's nothing else, you leave this as the last resort, as Vivian said, this is locking in your losses because our market has been so volatile right in this last few weeks that you don't want to lock in your losses if you don't have to. Now, let's transition a little bit to talking about more directly to the budget. Everything we've talked about affects our budget because it's affecting our income, whether it's a stimulus check, whether it is having the opportunity or option to do a 401k loan, or something like that, all of these things affect our budget. But what else? What are some tips that we can talk about to really stretch our budget out? That is the, I would say the most important goal right now because we don't know how long we will be in, stay at home, you know, shelter in place situation without a regular income, then we want to stretch it out as far as we can, make our budget as tight as possible. So, if you find yourself then yes, you're still maybe making some income, you are being able to meet your essentials, your necessities, but you've been able to cut out some of the extra things, right? Maybe, and I give this example of the time that maybe my gardener is not coming, he's sheltered in place. So I am saving that money. Yes, it's unfortunate or the person that's not working, but for our situation, we're able to save let's say \$80 a month. Maybe I'm not commuting anymore, I'm saving what I was spending in gas. All of these different things now give me additional discretionary money that I can put somewhere else. And the first place I would recommend is to put it towards emergency saving. Make sure you're covering the potential what if I lose my job in a few weeks, in a month? What if my hours are reduced? Now you're putting it away to cover your bills that you're able to cover right now. That is doing okay, your emergency savings is doing well, now we transition that extra money to something that will make a big difference when we come out of the situation. Maybe it is making credit card payments, or maybe it is contributing and continue to contribute to your 401K. So make at least the minimum payments, it's a must, so that we don't impact our credit, so that we don't fall behind, so that we're not accruing interest. Also, if income is not enough, so that's if income, we have enough income to survive right now and actually a little bit extra. But if income is not enough to even cover our essentials, now we want to be thinking about how can I get more money in every single month to be able to meet those necessities, especially when we talked about, yes, there are programs like the mortgage deferral, but I will need to pay a lump sum amount in three months or four months. So, in a way it might be best

to avoid those types of programs if we can. So how can we do that? Maybe it's time we adjust our withholding. And to do that, we can go to our W4, and adjust our withholding so that we're paying less in taxes in this short period of time, and I say short period of time, because we don't want to pay less taxes indefinitely, that when we file our taxes, you know, in 2021, now we'll be owing taxes and we find ourselves in debt with the IRS. So, this is a temporary solution. If we can get an extra hundred dollars more a month in our paycheck, then we can put that towards our electric bill, towards our mortgage payment if we were short a little bit. Also, look for additional ways to make some money. There are a lot of different opportunities right now, and this is an example, a coworker of mine, her husband just lost her job yesterday, so this is very, very new. Therefore they still have one income, but now they're going to be short one income. So her husband is applying for unemployment right away, and going out looking for additional ways to make up the income he's losing. And great resources, National Retail Federation, the nrf.com website has a huge listing of different employers across the country that are available and hiring right now. And usually they're hiring for people that they need right away.

[Vivian] Yes, and I think those are great solid points, and ultimately is, like Robert said, is about really being resourceful, like figuring out how can I stretch this dollar as best as possible. And there are some resources out there that may be worth looking into whether you have some, a little bit of extra money or if you're tight financially at the moment, the whole goal is to sit here and reduce any type of expenditures so that you could free up as much as you can to either A, like she mentioned have that savings, or cover essential bills. So maybe looking at something like Meals on Wheels, or food banks, looking at temporary aid for needy families. Also looking at your energy bills, they have a program that's called LIHEAP, Low Income Home Energy Assistance Program. So looking at, can I utilize these kind of programs to sit here and free up more money so then now I can re-direct and repurpose those funds, the whole goal here definitely is how we were talking about, about maximizing your budget. And, just another colleague of ours told us too that, you know, she reached out to her auto insurance provider, and just because now we're all working from home, which I got to do the same thing, I've had to call my auto insurance provider and let them know, hey, I'm commuting less, you know, can we scale down on this bill, because then again, that difference, you can use it for something else. So the whole goal here is definitely to see how you can stretch things out as best as possible, becoming more resourceful, seeing what kind of opportunities, because even through these times right now, there are some demands in certain industries, especially around deliveries and stuff like that. So there's definitely things out there that we can utilize to maximize our budget. So jumping into the next conversation, which a lot of people have debt on their mind because obviously a lot of times we have these debts automated. So literally, our car payments, our mortgage, you know, credit cards, so on and so forth. So during these uncertain times is what do we do with this debt? So we're going to talk about just what are some options and considerations when deferring payments. Right? So we want to first consider those ramifications. And we touched on it a little bit before on the earlier slides. But the whole idea is that you want to reach out to the lender, whether it's your credit card company, or if it's your car payment company, and basically ask them, you know, if I defer these payments, what is this going to look like? Is this [going to] look like that now, I have to sit here and have the full amount by a certain time period and what you know, just be very clear, because right now, majority of the companies out there that are allowing deferring payments, they are having the expectation of having a big lump sum at a certain period. So, just have clarity with those companies to make sure that you don't put yourself in a worst off situation because you were deferring the payments. Obviously, you have to look at the affordability to see if ultimately what you can, what you can actually pay or not. If you are in a

position where you lost your income, then chances are the now you're in a different situation where there's a possibility that you can afford this now moving forward. So looking at those situations, and also again, talking to those lenders to see what options you have, so that you can work through the options that they offer, to then see what kind of strategies and repayment options that you have moving forward. When it comes to credit cards, if it winds up putting you in a position where now you're not able to afford the credit cards at the current payments that you have, maybe looking into something like credit counseling, or there's options, other credit counseling types of options that you have that you can look into, and if you're not so sure, this is definitely a good opportunity to leverage one of our money coaches to talk to them to see like, what can I do in this kind of situation with these payments, right? And then also looking at, is this going to negatively impact my credit. In certain situations, it may, in certain situations it won't. So it's just having that clarity, again, with those lenders, because everybody's right now dealing with things a little bit differently. But they're being very workable because obviously the situation is what it is. And so taking a look at those considerations will help you to really find what is going to be the best option for you moving forward.

[Barbara] I think that is a great point, Vivian, that what we want right now is to make sure that we have clarity into what we're stepping into, and then it helps us make a decision, and I think that's the biggest thing that we want to get across today is helping you do some brainstorming and thinking what might be best, or right now may not be best in three or four or five months. So, am I willing to take that risk or not, or can I work around it to not take that risk? And when it comes to how it may affect your credit, even though some things, some creditors, or some industries are saying they're not going to report it negatively to your credit report, I recommend you still do your due diligence and check your credit often, because within the next 30 days, 45 days, after you said that deferment or any payment plan, you should see if they're reporting it late or not, if they are, you want to contact your creditors right away, because the agreement was that it wasn't going to affect your credit. So to check your credit often you can go to [creditkarma.com](https://www.creditkarma.com) or [creditsesame.com](https://www.creditsesame.com). And, also Vivian mentioned working with a money coach, that is such an important thing, and it's a great benefit that you have available to you. So, in the next steps, what should you do? When you're already attending our weekly webinars, continue that. And I would encourage you to attend weekly webinars not just with us and finances, but you looking at other ideas, whether it's nutritional, whether it's health, or mental health related, a lot of us are really stressed in this situation. So look at different ways to help you and make that part of your action plan. Then create a wellness plan with all of these things we've given you today, make a list of everything that applies to you that you want to start implementing, and then take it one at a time. Don't feel overwhelmed that I have to do everything right away. If you choose to do one or two a day and then move it, the rest of the next day, you're moving forward, you're doing things to improve your financial situation right now. And then, as Vivian said, leverage working with a money coach. You have access to a financial consultation that can be, it's personal, so it can be tailored to whatever you need and what may be best for your financial situation right now. Now, how you can get started, you can start by contacting your EAP.

[Vivian] So definitely look at getting started.

[Barbara] Or contacting your employer and your human resources to get the information-- So, you want to contact yes, your EAP, or your HR manager so that they can give you the contact information for our financial counseling or money coaching program. Vivian, are you with us?

[Vivian] We do have some upcoming events.

[Barbara] We might have lost Vivian, oh no. Hopefully she'll join us back on.

[Vivian] Yes, can you hear me okay?

[Barbara] Upcoming events. It's cutting out a little bit, but go ahead, let's see. Okay, we're not hearing Vivian. So I'll go ahead and talk about this slide. Upcoming events. So we have every Friday for you: budgeting when income is uncertain. We want to be able to keep you up to date, bring you as much information you have we gathered throughout the week so that you have this one stop shop of coming to us, and hopefully getting a lot of tips and up to date information, and then we'll be able to answer your specific questions as well. So whether that's budgeting at 9 a.m. Pacific Standard Time, or investing and retirement topics at 12 p.m. Pacific Standard Time, make sure to register for those.

[Vivian] Can you hear me okay now?

[Barbara] Next, in case you missed anything.

[Vivian] Can you hear me okay?

[Barbara] Yes, go ahead.

[Vivian] In case you missed anything if you can still hear me okay. All right, excellent. So in case you missed anything today, as I mentioned earlier, we do have a recording of today's broadcast, and it will be available in the next business day. And sorry about the technical difficulties I think because we have a lot of people online at the moment, it's a little scratchy, but definitely look out for today's recording if you want to go back to some of the things that we discussed on the webinar, you can always go back to them take some extra notes. And your opinion matters, as I mentioned. Make sure that you leave us some insight around just what you thought about today's presentation. The survey will be available right after the broadcast. So any thoughts, questions, anything that pops to mind, definitely let us know as we continue to weather these storms, and move forward through this whole coronavirus situation. But we definitely appreciate any feedback that you share with us. And so moving forward, we're going to now open this up for the Q&A. So we have a lot of questions. We're going to try to filter through as many as we can today. And as Barbara mentioned as well, we're going to continue the conversation. So definitely look out for next week's presentations as well. So we're going to open up the questions.

[Barbara] I'll take the first one, Vivian. First one is from Kara. And she's asking, I know the tax filing date has moved from 4/15, April 15 through July 15. If you owe taxes and wait to file on July 15th, will there be penalties or interest due also? And the answer is no. If you do file by the 15th of July and make your payment by the 15th of July, then you will not have any penalties or interest due. Now, if you cannot make your payment then, then you would need to set up a payment plan with the IRS. They're usually pretty flexible with that, but it will include typically some penalties and interest. Interest is not usually very high, but they will have that. I'll take the next question as well, Vivian, which is from Hivish, and he's asking what about California taxes? Is the date extended for that too? And the answer is yes. It is extended to the same time as the federal income tax, which is July 15th. For anyone else in other states, you want to double check what your state is doing for your state income tax.

[Vivian] Okay, I see a question here from Brian. His question is if I already know how to do a budget, how to be smart with money, and have even done well managing money in the past, what are some suggestions for dealing with significant debt due to unforeseen circumstances, such as medical issues? This is a good question and there's several options. The first things first, is first going to the entity as far as like who the actual company is that you have the medical debt with to see what kind of arrangements that you can make with them directly. If it's already gotten to a point where it's fallen behind, then there may be some other options that you may have. There may be some credit impact to those other options, but nonetheless, they're still options. Definitely looking at options for credit counseling, I'm not exactly sure if you know what that looks like, but basically, they take all of your balances, and they negotiate with that company to then give you a certain payment plan that you make to that nonprofit organization. And then from there, you basically pay down your debt. There's also bankruptcy, which again, it can negatively affect your credit, but depending, because the first thing that I saw here was significant debt, so I don't know like how large of a debt that it is, but bankruptcy is another option. You know, it really depends on the situation. If all else fails that, you know, something like a credit counseling doesn't work, that then you can take a look at bankruptcy as an option too, to see if that could be negotiable. Because there's two different types of bankruptcy. There's a chapter seven, and then you also have chapter 13. The chapter seven is more of a forgiveness of all the debt, whereas a chapter 13 is more like a repayment program where basically the courts, they work with you around that debt. So definitely take a look at that to see there are some options there. If you still have good credit, it may be that you can do some type of personal loan to see if you can cut down on that debt or work on that debt. But again, because I see that significant debt makes me think that is a very, very large amount. And so if that's the case, it may be looking at some of the other strategies but then you will have to see how much of a negative impact that will be on your credit.

[Barbara] I have a question here from Jacob. If I file and I don't get a refund, but ended up owing money, will I have to make the payment before July 15th? So I think this question goes to, I encourage you all to file your taxes as soon as possible so that you would be eligible for the stimulus check. Or if you have a refund, get the refund. But if you end up owing, you are still not required to make the payment until July 15th. So, when you file, especially if you're doing it, let's say on your own, through a software, you would be able to check there that you won't be making the payment, you're just filing, and that's okay to do. You don't have penalties, you don't have interest accrued if the payment is due by July 15th since it's been extended to that. And then another question from Joel. It says, if I didn't file taxes last, in 2018, can I file to get the stimulus? Yes. So if you haven't filed your taxes for 2018 or 19, one of those needs to be filed in order for you to receive, be eligible and receive the stimulus check. Filing 2018 is completely okay. A lot of people that don't file and they might have, you know, back taxes they haven't filed. A lot of them are do a tax refund. So you want to take advantage of that, and make sure that if you could get a tax refund that you can use that money right now. So go ahead and do that for sure.

[Vivian] So I see a question here, it looks like it's Valerie or, yeah, it looks like Valerie. So the question was, so you don't have to file for the stimulus payment? Yes, you do have to file, it's for 2018 and 2019 that they're looking at what you filed for those years to consider your stimulus payment. So if you haven't done that, you definitely, like Barbara mentioned earlier in the presentation, you definitely want to do that as soon as possible so that you can get this stimulus payment.

[Barbara] But as long as you filed your 2018 or 2019 tax return, there's nothing else you need to do. They will be sending out checks to those that qualify based on their adjusted gross income as soon as they are able to. We keep reading that we should be expecting those direct deposits within the next three weeks. Again, direct deposit is faster. So if you already received when you filed your taxes, you did a direct deposit, they will be using that information. If you didn't do it direct deposit, you should go to the [irs.gov](https://www.irs.gov). They haven't implemented it yet, but they will be implementing a web based portal to provide your banking information to them so that you can get a direct deposit. But other than that, there's nothing else you need to do.

[Vivian] Correct. It's only the people that are in social security that typically don't file are the ones that wouldn't have to file to get the stimulus payment.

[Barbara] Correct. Let's see. So here's a question from Sheila. And she's asking, I have two children in college, and they both file their own tax returns last year, will they get a stimulus check? So this is, this can be tricky, because if they filed their own tax return, just to get a refund, and a lot of times you can do that, even, you know, if you're under 18, or in that age range, but you still declared them as a dependent, then they will not get a stimulus check. They're not eligible because they are your dependent. And at the same time, if they're over 16 years old, they're not eligible, or you're not eligible to get the \$500. So it's a tricky situation on those. If they filed independently, you did not claim them, but they filed their tax returns, then they should be eligible for the stimulus check. So, great question.

[Vivian] Yes. Now, I see another question here.

[Barbara] I'm sorry, I think that answers Kathy's question as well, that her daughter just turned 18, actually anyone a 16 or younger is eligible for the \$500 tax, I'm sorry, stimulus check. Anyone above 16 will not.

[Vivian] Good question though. So let's see here. I see a question from Brandon in regards to student loan interest, which we talked a little bit about it earlier. Does the pause student loan interest available private and federal student loans, or just federal? So we're for sure around the federal loans. I did see that certain private loans and private lenders are doing a bit of the same thing, but it's not all of them. So you definitely want to reach out to your provider of who the company is that you're working with as far as your private student loan, to just confirm that they're offering that same either forbearance, as well as the interest paused to, you know, because you don't want to sit here and think that automatically yes, I'm getting a paused interest and then you look and it's a lot larger. But as I mentioned, I definitely saw that there were some of the top private lenders are doing the same thing. But I didn't see that all of them are, so you just want to double check with your lender.

[Barbara] I have a question here from Anthony. And he's asking, is it true that the stimulus payment is actually a loan that will need to be paid back when individuals file their taxes in 2021? And so actually, no, it is not a loan. It is considered an advance on your tax refund for 2020. And what that means is that they're giving you the money up front right now, and let's say when you file your taxes for 2020, you actually owe, you don't have to pay it back. So it's a hybrid I would say between a credit and an advance on your tax refund, but no one will have to pay it back.

[Vivian] Okay, and I see a question here by Carrington. What about someone who is trying to purchase or build a home? Actually, right now, we've seen the interest rates have gone down a lot. So this is actually a great time to purchase if you have the ability to. So it's just, again, communicating with the lender, seeing what those options are, but it certainly is a great time to purchase if you can. I don't know if there was anything else around that question, but definitely it is a good time to purchase if you can.

[Barbara] There's a question from Nancy. Are 403B plans handled like the 401k? And the answer is yes. So we typically talk about 401k's just because that's the majority of private sector retirement plans, but for nonprofits, 403Bs, 403As, those really would fall under the same category, and the same new changes would apply to you. Hundred thousand dollars as a maximum of a loan or withdraw, as well as 100% of your money that you can take out or borrow against. So good question.

[Vivian] Let's see here. There's a lot of questions.

[Barbara] I will take a question from Melissa. How do you adjust your W4 withholding? Do I claim less or more dependents? So actually, as of 2020, our W4 was redesigned, and we don't claim dependents anymore, we claim credits. So if you have claimed credits for your children, maybe credit, whatever credits that you're eligible for, you would claim those credits to be able to pay less taxes. And, so you want to make sure that when you go to your W4, you are claiming all the credits that you would be eligible for. If you would like further assistance with filling out that W4, or adjusting withholdings, so that you're paying less in taxes, and you think you've claimed all of your credits available, I would recommend that you contact your EAP, or your HR manager, to contact us and work with a money coach. They would be able to actually walk through the form with you to make sure you're answering all of the questions correctly in the W4. So I encourage you to do that.

[Vivian] Okay, good question. Another question that I have here from Paul is, the 401k hardship loan zero percent APR. Now, just to kind of clarify that there is either a 401k loan or there's a hardship withdrawal. So on the 401k loan, it really is dependent on your company plan that you have, just what their interest rate is. So you would have to redirect that question to them to see what is it that they're charging, it may be zero, it may 5%. So you want to have that clarity and reach out to them for about for that question. Another question that I see here, I'm sorry. Okay, so basically, we have a question here around just what would be a good emergency fund amount? So ideally, we talked about having at least three months of expenses tucked away in a savings account, something that you can have access to, we call that a liquid account. So that would be ideally the goal to at least have three months. But if you could have three months of income or six months of income just as much as you can, would be the best. But to start off with, you know, we always start say to basically eat an elephant you got to do it bite by bite. So start building it up slowly, from that first \$500 to \$1000, then to, you know, \$1500, then to one month of expenses, so on and so forth. But you want to keep climbing that emergency fund till you get to a point that you feel comfortable, like, okay, I have everything covered for a few months if something were to happen. So the more that you can put in the emergency fund the better.

[Barbara] Yes. And I think that right now, a lot of us are feeling that if we haven't put enough in our emergency savings, it's really kind of an eye opening experience that okay, I really need to focus on emergency savings, you know, once this is over, so that in case anything like this happens again, I will be ready. So, yes, I have a question here from Sheila. She's asking, "Can I take a withdrawal from my IRA without penalty, and for what period of time?" Now through when? So, yes, the IRA withdrawal is also same limits as your 401k withdrawals. Up to 100,000 or 100% of your balance, whichever one is less. And without the penalty, just to reiterate, you do have to pay taxes on any withdrawals, whether you're doing a 401k or your IRA withdraw, and that tax payment will be spread through over three years. So you won't have to pay the lump sum amount of taxes when you file your taxes in 2021, but it'll be spread out through the years. Now, this is available for you for the next six months. So I would say double check with your employer, or your IRA, manager to make sure that you're still within the time. Whenever you get ready to do a withdraw, that you're still within the time that will give you zero percent penalty withdraw. Okay, we've answered quite a few questions. I know there were a lot of questions still that we couldn't get to. We thank you for all these great questions. Please, if you have a very pressing question and you want more clarification, contact your employee assistance program, your Student Assistance Program, your human resources, to get signed up for an appointment with a money coach. We're here to help you, we are here to really, we're here to see and be with you and guide you through this process. So please take advantage of that free benefit that you have to speak with a money coach. And money coaches are not here to sell you anything. We're just here to educate and help you create a wellness plan. I want to thank you for your time today. And thank you for joining us in this weekly webinar. I hope we see you next week. Take care and stay healthy.

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