

Budgeting when income is uncertain

Part 2

Presented by My Secure Advantage

[Announcer] The following program is not intended to be legal, financial, or investment advice. The program is intended to be strictly educational. The opinions of those appearing on the program are those of the subject, and not of My Secure Advantage, Inc. For any individual legal, financial, or investment advice, please contact your legal or financial advisor.

[Vivian] Welcome to today's webinar presentation, Budgeting When Income is Uncertain. It has definitely been a challenging couple of weeks for everyone across the United States, but hopefully today's presentation's [going to] give you some insights, some ideas, and just help you feel better around your finances moving forward. I'm actually on a panel today with some amazing women. They're my colleagues, and I appreciate them each individually a lot, and they're super knowledgeable. So before we get started, I [want to] first introduce myself. My name is Vivian Perez. I'm actually one of the money coaches. I have worked with the company for several years now, and I've been in the field for close to about a decade, doing financial education work and presentations. I'm a certified credit counselor as well. But helping people get from where they are to ideally, where they [want to] be, is one of my favorite parts of this journey. But we're [going to] definitely cover some great stuff today. I'm excited to be on this panel. And I also want to introduce Tess. Tess is joining us today for some Q and A. Hi Tess!

[Tess] Hello, how are you Vivian?

[Vivian] Excellent.

[Tess] Good! Hello everyone, good morning, welcome to My Secure Advantage presentation. My name is Tess Filice. I am one of the financial coaches with My Secure Advantage. Been here with the company for over 18 years now. I'm certified tax preparer. My academic background is in business administration with a concentration in finance. My background is in banking, investments, retirement, taxes, property casualty insurances. So Vivian and Tiffany are doing the presentations. I'm here for the Q and A for taxes as it relates to your budget and your income. And on to you Tiffany Willis.

[Tiffany] Thank you so much, Tess. Good morning, or afternoon, wherever you may be. We are so excited to have you on this webinar. My name is Tiffany Willis. I am a financial wellness specialist with My Secure Advantage. I started my career in the banking industry in 2001, starting in the federal funds market, and then I taught college level economics and personal finance for 11 years, before becoming a Money Coach. I'm so excited to be here with Vivian and Tess, as I spend a lot of time especially at both of their desks when I'm in office. Tess is really a jack of all trades, and Vivian is so knowledgeable, so it's great to be here this morning with the both of you. In my normal course of work, I travel around the United States giving classes on these topics. So hopefully, if you are on the East Coast region of the United States, I should see you in person after this is all over. Just a couple of housekeeping items really quickly to go through before we start this webinar. We are going to open up the webinar at the end, the last 30 minutes for some questions and answers, but please note that there are many different employers represented on this webinar. It's offered to many different types of employers around the United States, so we can't get to each and every question. But please feel free to go to the My Secure Advantage website. We do have a banner of the COVID-19 crisis, and some frequently asked questions that we get in different arenas will be posted there in terms of our answers. Also too, if you have signed up for this webinar, you will get a recording of it tomorrow, after the webinar is over. So you can always go back and listen to the question and answers, as well as the content. It will be made available to you. The last thing that's very important to us is that your opinion does matter, so make sure that as you're closing out this webinar, you're going to receive a survey that asks you some questions about how you felt about the webinar, what content you wanted covered. It's so important to answer those questions because we are doing a weekly series on budgeting and on investments, so your opinion, your contribution matters, because we take that information, and then we add it in for next week, so we want to continue the relationship with you through these webinars. So make sure you tell us what you think and what we can improve on. Now because a lot of people, due to this crisis, are working from home now, and to preserve the quality, especially the audio quality of these webinars, we are going to turn off our webcams, in order to make sure that you can hear us. We'll come back on a little bit later, as we close out the webinar, but please make sure that you know, we're still here, we're just preserving the audio quality. I'm going to toss it back to Vivian to get us started.

[Vivian] Yes, thank you. And so as Tiffany mentioned, this has been a series, and we're [going to] continue the conversation today. We're [going to] answer some of the questions, as we did get a lot of questions on the last couple of sessions that we had, so that we could give more clarity around certain topics. Certainly around leveraging programs to help your budget which is part of our agenda today. We're [going to] talk about the coronavirus aid and relief, and then some of the things that are presented in the CARES Act. We're also [going to] talk about fine-tuning your budget, and really, just covering yourself through this time period and your finances. And finally, we're going to wrap up with a action plan, like just, what are some next steps that could help you to get to the next point with this whole situation going on? And so jumping into the first thing, we're [going to] discuss leveraging programs. As many of you know, currently we have a CARES Act in place, that is helping us get through this uncertain period, because so many changes are happening, and there's just responsibilities that we all have on a monthly basis. So we're [going to] talk about just, the first thing's first, the stimulus check. I did see today that the stimulus checks will be rolled out over this next upcoming week. There was a bit of confusion that it was supposed to start yesterday, but it looks like it's [going to] start being kicked off as of the week of the 13th. Now, to give more clarification around the stimulus checks, the first thing is understanding the income eligibility. I think a lot of people were just confused about what everything meant. But ultimately what they're first looking at is your 2019 tax return. They're looking at your adjusted gross income, and you can find that in your 1040 under line 8b as in boy, mm-kay? So if you didn't get a chance to do your 2019 taxes, then what they're [going to] look at next would be the 2018 taxes. They're [going to] look at the adjusted gross income there, which that could be found under line seven on your 1040. So depending on whether you filed those taxes or not, that's how they are considering the stimulus check. If, for some reason, you didn't file 2019 or 2018, we definitely encouraged for you to file as soon as possible so that you can get the stimulus check. Depending on if you have direct deposit information already submitted to the IRS, they should be sending those funds first, from my understanding, and then following after that, the people that basically are getting mailed checks typically, will also get a mailed stimulus check as well. So that's what you need to understand when it comes to the actual income eligibility. Now, to get a little deeper on that as far as the thresholds, 'case we had a lot of questions as well, as to if I earned this much, how much will I make, right? And so just to clarify, if you're single and you're earning 75,000 a year or less as your AGI, you're getting the full 1,200 as the stimulus check, and then above that, it starts to decrease, okay, until it gets to the point that you earn about 99,000 a year. And anything above that, you wouldn't qualify for the stimulus check. And a household is under 112,500, same thing, you will get the 1,200, and if you are earning above 146,500, then that starts to phase out at that point when it comes to the income that you're earning as a AGI. And then lastly, for joint or married couples, you would get 2,400, if it's under 150,000 that you earn in the AGI, but then it phases out to zero when it's 198,000 for combined income in your AGI. So hopefully that clarifies a little bit when it comes to the actual income. I know it was a bit confusing, and unfortunately sometimes what we hear on the news doesn't make it that much easier, but hopefully that clarified that for you. Now, a lot of what we got as well, was understanding, do we have to pay taxes on this money, or do we have to give this money back? That was a big question that we had as well, and because this is a stimulus check, it's

basically a tax credit. So no you don't have to pay any taxes on the actual stimulus check, and for next year's taxes, it's not like this is [going to] impact you negatively, 'cause that was another question. Ultimately what it is, it's a refundable tax credit for next year. Similarly if you were to get like a child credit, so on and so forth, you would be getting this credit as well for 2020, mm-kay? Now another big question that we received was around who's not eligible for it? And this is tricky because a lot of people were asking about their dependent children that are older. Like let's say, for example, that they're currently in college, which is a good question, but unfortunately, under the CARES Act, it covers up to dependents that are 16 years and under. So if you do have a child that's in college, unfortunately, they don't qualify for a stimulus check for the 500. It would only be for dependents 16 years and younger, mm-kay? The other thing is that if you have any past due child support payments owed, that also disqualifies from the stimulus check. 'Cause that was another question that we were getting frequently as well. So do keep these things in mind. Hopefully that clarifies, like I mentioned, just what is eligible, what is not, so that you can look forward to the stimulus check, and hopefully it will be rolling out in the next week or so, and it will be for the next few weeks, until everyone winds up getting the stimulus check for the month of April.

[Tiffany] I know a lot of people are looking forward to those stimulus checks. I know I am as well. So, for those of us who have student loans, we got some good news. There has been a suspended payment and interest accrual on student loans until September 30, 2020. So this started in March, so as a result, you get about six months of forbearance on student loans without any additional fees or penalties. So if you're in a stable income position and a stable employment position, this could be a good time to make additional principal payment, and give that down. I know the student loan calls is one of the big calls that we get as financial coaches, so this could be a great opportunity for those of you trying to pay down student loans. For the parents, Federal Direct Plus loans are included in that forbearance as well, so that's a good thing, especially if you're having challenges with income due to the crisis. Now, Perkins loans and Federal Family Education loans are considered to be private, and as a result, not all loans qualify for this forbearance. Sometimes what people will do is look into consolidating those loans, doing a direct loan consolidation to qualify for that type of forbearance benefit. If that's something that you're looking into, I would highly recommend calling in and talking to one of our coaches about that. There are some benefits to that consolidation. It allows you to take advantage of programs like income repayment programs if you should need it in the future. If there could be problems with income due to the crisis. You could take advantage of that through a consolidation and qualifying for those programs. When it comes to loan forgiveness, these suspended loan payments do count towards that 120 months. So this six month forbearance does count towards that 120 months needed to forgive student loans. So that's the good thing for those of you who qualify for that. This doesn't count against you. For those that have private loans, you [want to] make sure that you contact your loan servicer or your lender first. While many private lenders aren't doing something such as a six month forbearance of payment, they are providing their own relief programs, so you [want to] check with your servicer, see if they need any paperwork to be filled out in order to qualify for any type of relief program, and know what the stipulations are. Contact your lender, let them know what you need, and see what qualifications they want you to fulfill before qualifying for any type of student loan payment relief. So make sure, this is a very important point, to make sure you know what loans are federally backed, and this is going to apply in another area as well, what loans are federally backed, what loans are private, and make sure that you appropriately, if you're applying for some type of relief, appropriately know what it takes to qualify for any type of forbearance on both of those. Now for homeowners. I'm sorry, actually, unemployment. For those who are unemployed, the good news is that the federal government through the CARES Act did expand unemployment benefits to include workers who are partially unemployed, or those who are unable to work due to the COVID-19 crisis. Now those workers who qualify for unemployment will now receive a \$600 a week additional benefit to the state eligible weekly amount. There's also an increase in the number of weeks that you're eligible to receive unemployment. So now if you are a business owner, if you're a freelancer, if you're an independent contractor, you are now eligible for unemployment benefits. So that's the good thing, because a lot of people have been put out of work as a result of this crisis and the quarantine. The good news is that you get an additional \$600 a week. The tougher news is, I don't [want to] paint this as a nice rosy picture, extra money, extra weeks. This unemployment is a state run program, and so a lot of states are having a tough time keeping up with the federal changes, as well as having many people

apply at the same time, and as I watch the news, I find that more and more states are dealing with higher increases in demand for unemployment insurance, as well as trying to implement the new federal guidelines. So for some people, that \$600, that additional \$600 per week may take longer for states to implement because the system wasn't set up that way. It might be a retroactive payment for some people. So you [want to] make sure that you apply and you accurately state when your employment has stopped so that you qualify for that retroactive payment if it applies to you. Another thing is that, for those who are unemployed, not necessarily unemployed, I should say just a reduction in your hours through no fault of your own to this crisis, you also qualify for unemployment insurance. So again, make sure you apply, and we just have to be patient during this time as the states try to implement the federal programs. Now, for the mortgage owners. That's always exciting for me as a homeowner, what happens if it's the case that you're having trouble paying the mortgage? Many homeowners now are requesting some type of mortgage relief. I looked at the mortgage banker's association. They have been receiving requests for forbearance, and it's increased by over 1,000% just in the last month alone. The good news is that the CARES Act did implement some parameters around this. Homeowners affected by the COVID-19 crisis can request a reprieve for 180 days. You can also request an additional extension for another 180 days, so that's almost up to a full year, but that additional 180 days depends on your individual situation. Now this is crucial. This applies to federally backed mortgages. So again, just kind of like student loans, you've got to know if your mortgage is federally backed or not. If it's not federally backed, the good news is states have also rolled out their own relief measures for loans that are not backed by the federal government. So that would be the first thing to look at if you're looking for some type of mortgage relief. Your regular interest is still going to continue to accrue without any additional penalties or fees. A big question that homeowners would ask is credit. If I do this what happens to my credit? Is it going to be reported as late on my credit? Well Fannie Mae and Freddie Mac are directing lenders to not report borrowers that are in forbearance to the credit bureaus. But you [want to] make sure that if you decide to engage in this, that you get that in writing, so that if anything goes a little wonky, you've got something to protect you. Another good news is that for foreclosures, the foreclosure moratorium says that your lender, or your loan servicer, may not foreclose on your home for 60 days after March 18, 2020. So they cannot start or finalize a judgment against you in that time window. So that gives you some time to kind of get things together. Now if you want to do a loan modification, that is possible, it's also an option, but it's important to keep in mind that that can affect your credit, because essentially, you're changing the terms of the loan. Also, too, it can be difficult, because lenders will sometimes wait until you're either already behind on payment, or close to being behind on payment, to grant the loan modification. Now if you're in a stable employment and financial position, we get a lot of questions recently. "The Fed has lowered interest rates very low! "Should I refinance? "Should I get a lower payment on my mortgage?" And it's a good question, but you [want to] keep in mind several things. I find that a lot of times, people will be attracted by the interest rate, as opposed to their total financial picture of how a refinancing comes into play. You've got to keep in mind the closing costs. You've got to keep in mind how long you're going to stay in the property, and ultimately, does this make financial sense for me, and if I refinance, how many years am I going to put on the refinance? So make sure that you're looking at the total picture,

not just attracted by the low interest rates. Ultimately in each one of these scenarios, the first thing to do is contact your lender. This is another area where loan servicers and home mortgage lenders are having a tough time getting in that information of what the federal government is saying according to the CARES Act and implementing it. So it can be frustrating. So with all of these scenarios, practice patience, and get everything in writing.

[Vivian] Some good points Tiffany.

[Tiffany] Thank you. Okay, so--

- And so very similarly. It's okay. So very similarly, as Tiffany was saying, there's relief for tenants, and pretty much it depends on if the property owner has their property that's federally backed mortgage. If they have a federally backed mortgage or if it's a private loan, or just their, basically the way their property is set up, in essence, right? So depending on where you are, too, 'cause I know, for me, I'm in New York City, and in New York City, we definitely as a city, we have it where pretty much all the tenants are protected for the next 120 days. So what is going on here is that we have that moratorium that is just protecting everyone that either is in these type of tenant buildings, subsidized housing, pretty much everyone across the board here in the city is taken care of. But there are states, and there are cities that don't have anything in place, and maybe it could be because it's a property that is privately owned, and in that kind of scenario, you would definitely have to communicate with your landlord, talk with them, and see what you can work out with them depending on your financial situation. If, for some reason, they give you a hard time, there are resources that can help you, but pretty much, for the most part, people are being flexible and lenient. I have read and seen some certain situations, especially with more the private building owners that they may not be as flexible, but there's a couple of things, so there's there Housing Urban Development, that basically is across the United States, where if you are having issues, you can reach out to them to see if they have any programs for any type of rent assistance. There's also, looking into your local legal aid as well, to help in the scenario, if you're having a hard time with your landlord. But pretty much, for the most part, tenants are taken care of and protected, at least for the next 120 days, so that they don't have any late fees or penalties, or that they're not evicted, mm-kay? So just take that into just consideration. For the time being, this is what it is. They haven't said anything as of yet in regards to what's [going to] happen after the 120 days, because right now we're still kind of like on a day to day thing. We don't know how long the situation is [going to] be around for, so for right now what we do know is that, for the most part, a lot of the properties are basically having the 120 days of no fees, no penalties, and evictions, okay? And so, if you have any questions, definitely look at your local state website to see what they're offering as well as the city, 'cause sometimes they may be offering things a little bit differently, because everything here, on the tenant side also, is run by a state and city. So do your due diligence to look into it if you're not getting any support from your landlord, or your management, or whoever you're dealing with when it comes to your housing. Now, on the flip side, the same thing. There is relief to landlords, depending on the type of property, again. So what's happening for landlords, basically there's a forbearance on multi-family properties in 30 day increments, okay? So pretty much you can apply up to three times, 90 days in total, and you can basically wait out to the end of the three months, let's say, to then pay in full, which would have been that forbearance period, so you can catch up with your mortgage payments, but this is only for federally backed mortgages. Now if you're a private owner as a landlord, you can look into either SBA loans, more of business types of loans that could help you. There are resources, and it looks like they're rolling out more funding for small businesses, so definitely worth looking into the SBA website to see if there's anything that you can do, 'cause there's different types of loans and things available for landlords as well, because we know that it's typically a business. And so, depending on if you have the federally backed mortgage, like I mentioned, you have the forbearance period, or if it's a private, then you can definitely look into

some of the small business loans and things of that nature to help you through this time period, as well.

[Tiffany] Thank you so much Vivian. One of the good things about this quarantine, while it can be tough, and not to be able to engage in your usual activities, especially when you've got family with you, and strains on the budget, it can be definitely tough. But the good news is, we have some time now, and that time can be spent from an income basis, and an expense basis, to really do a good budget assessment. I know that I'm spending less on finances in terms of entertainment expenses, and dining out expenses, due to restaurant closures and entertainment closures, and ultimately, I'm making some different decisions about where my money will go after this is over. So I would encourage you to look at your budget now. Take some time and fine tune the budget. Do you see any money leaks that maybe you would not recognize before? These are the most common that we tend to see with most of our clients, but think about whatever your money leaks may be. I know that I live in Orlando, and it is a tourist city, and it was very common for me to take my kids every Friday, I'd call it family Friday, and we'd go most likely to some tourist attraction, and spend a lot of money, and I was very willing to justify it, because I travel most of the time for a living. But I've noticed that we've had to have our family Fridays in-house and it's just fine, and I've made a commitment to myself going forward, that most likely, even though I could very well justify that I travel, and I wanted to spend time with my kids on Friday, and I would kind of spoil them a little bit, but the reality is, going forward, we'll do two Fridays out a month as opposed to four. I wasn't acknowledging the money leak that that was. So I would encourage you to examine all parts of the budget to see where they were, that maybe you might not have noticed before. I even noticed some money leaks on my own going to different spas and things, and spas are closed, so you gotta figure out what you can do on your own, and I've been shocked to figure out, oh I can do that! I don't have to pay somebody \$30 to do that. So I'd encourage you to do that, as well. Some changes are just going to be temporary. We're inside, we're eating three meals a day with our family. I've spent more on groceries in the last month or so just trying to get everything balanced. So I know that that change will be temporary, but there could be some changes that I incorporate into the budget going forward, and I would encourage you during that time to think about, what am I going to take with me? Because I think with every situation, and I know Vivian feels the same, with every situation there's an opportunity to grow, and as financial coaches, we'd like you to take this opportunity to grow financially. Is there a reallocation that can take place? Like I said, I plan to take forward with me not as many family Fridays out. What is your reallocation? What are you going to do differently? And most important, it just can't be underestimated that liquidity is crucial, especially in times of crisis. A lot of times people are more concerned about their investments, and the volatility of the market, but during a time of crisis, as we can see, cash is crucial. Having cash on-hand to handle emergencies is crucial, whether I'm dealing with a job loss in terms of income, or maybe it's reduced hours. I know that for us, all of a sudden having our kids home and learning online, we have laptops at home, but we did not have laptops for everyone. Going and to buy, where our emergency savings was, so that the kids had laptops to do their school work, was crucial. So make sure that you have a plan to build up your savings.

[Vivian] So true, I mean, I've been seeing the same thing in New York City. I'm so tempted to, in the past, I was so tempted to go out and enjoy the city, and now that everything's kinda shut down, I'm really looking at it like wow, I'm really saving so much money right now. And so it definitely, just like you said, it's really about looking at this as a opportunity. Like, how can we learn from this situation? And that kinda goes on to this next slide that we're [going to] jump into about using this momentum to move forward, to look at your budget because really, everything stems from the budget. Everything that you [want to] do as a financial goal, right? So really looking at, like, what's [going to] be your strategy moving forward? As Tiffany was mentioning, cash is king right now, especially because we don't know how long this is [going to] last. So really looking at focusing on the essentials, making sure that everything that's a necessary thing that that's taken care of, but whatever you can defer, and especially because we have all these different programs and things available, that you can defer as much as you can. Typically, we don't say like, "Yeah, defer everything." We want people to get ahead of their debts and things like that, but ultimately, we're in a different situation right now. We're in, unfortunately, a bit of a crisis mode until further notice, right? So having as much cash available to kinda get us through the next couple of weeks is the most important. And also, making sure that, in what you're deferring, that you're communicating with those lenders, that you're talking to your landlord, that you're talking to your credit card company, student loan lender, whoever these people are that you're deferring payments to, that you make sure that you communicate so everybody's on the same page. but really looking at this strategy, and even like Tiffany was saying, too, like using it as a strategy moving forward, right? So not just that we're in this kind of space, 'cause you're probably realizing like, oh wow, like all this stuff that I have, I don't really need. Do I need all these different subscriptions, and things that I'm paying for? Do I need all these extracurricular expenses, and figuring out a way that, moving forward, that now you can keep more in your budget, 'cause then you, essentially, now you can continue to build up those emergency funds, and investments, and so on and so forth, and plan to rebuild. Because the fact of the matter is, things happen. This one, obviously, is a major situation, but there's things that happen all the time. So it's better to be prepared than surprised, right? And so carrying this new strategy moving forward can be something that will propel you a lot in the next couple of months, and eventually years, too. So think about just how can I sustain this budget from like how I've kinda skinned down right now, even though we're supposedly in this kind of space, but that I take this with me, so that I can just change my finances, so I can keep more and not have that feeling of paycheck to paycheck and so on and so forth? So I always say this, whenever there's a breakdown, there's a breakthrough right afterwards, right? So use this time to really sit down and figure that out. If for some reason you don't have a budget in place, that's a good opportunity to leverage one of our Money Coaches, and get a budget in place, so that you can get through this really quickly, and then just put yourself in a better place moving forward. And so moving on, just [want to] remind you with the action plan, the goal here is to reduce your financial stress. So the first things first is keep taking advantage of these weekly webinars. We're [going to] continue the conversation around budgeting in these uncertain times, and there's [going to] be some other stuff we're [going to] roll out as well. Think about what's [going to] be my wellness game plan moving forward, like what are the things I need to work on? Are there opportunities that could help me to just keep more, so that I can propel

forward and build my nest egg, and just not be in this circumstance again moving forward, mm-kay? And like I was mentioning, definitely reach out to your EAP so that you can speak to a Money Coach.

[Tiffany] Yeah, great point Vivian. Getting started with a money coach is one of the greatest things I think you could do for yourself during this time. Often times it's easy to feel like, not only am I alone physically, but I may feel alone mentally, like no one else is experiencing the same stress that I am. And the reality is we all are experiencing stress in a different form. The great thing about having a Money Coach, is that you have someone you can talk to, that can give you some solutions, pros and cons, and let you know that you're going to be okay. So if you are using this through an employee assistance program, contact your employee assistance program, get a referral to speak with a Money Coach. If you have access directly through your employer, to the My Secure Advantage benefit, you [want to] make sure that you go online to the website, and schedule an appointment with a coach, and so that you can talk to them. The good thing is all of our coaches are working during this time, so utilize them. I'm so happy to have Tess on, because obviously, every time I am in office, one of the first desks I run to, is the desk of Tess, and tell her what I'm currently going through, and she whips out a calculator, and she gives me an answer so fast, so you really have a jewel on this webinar with Tess here. I use the Money Coaches personally and professionally, and I can confirm that you are definitely in good hands. On the next upcoming event, we have a weekly series of updated content with these webinars. So we have budgeting when income is uncertain. It looks like it's the same, but it's actually different. Every week we work to make it slightly different. So utilize that. This will be a continuing series of updated content week after week until this crisis is over. So we'll have Budgeting When Income is Uncertain, and for you investors that need some help to understand these volatile markets, at 12:00 pm Pacific Time, there is also a webinar on an investor education series, of dealing with volatile markets. So utilize that, and listen to them week after week, because like I said, there is updated content each week, and we work hard on that during the week to make sure it's not the same. Again, if you missed anything, you will get a recording of today's webinar. It's going to be made available to you so that you can go back and listen to any content that you may have missed, and again, your opinion definitely matters to us. We utilize that in the updated content week to week. So let us know as you close out this webinar, please fill out that survey. Let us know what you liked, what you didn't like, and we'll take that into the next week to update our content.

[Vivian] Excellent, Tiffany. So now we're [going to] open it up to our Q and A. And before we get started, just [want to] let you all know that there's a couple of things. One is that we don't give investment advice, and two, we're not [going to] answer really personal financial questions. It's actually a good opportunity that if you do have personal financial questions, that you reach out to our Money Coaches to get that answered. In addition to that, like Tiffany mentioned at the to of the presentation, that we're covering many different companies, and so again, if it's something that's particular to the company that you work with, like a retirement plan and such, then it would a good idea to reach out to a Money Coach so that you can get that question answered, mm-kay? But we're [going to] jump right into it. Let's see here. We're [going to] have Tess open up the conversation.

[Tess] Yes, hello everyone. So, I wanted to address a couple of very important things about this stimulus check. If you have filed your 2018 and 2019, when you had a different address than what you currently are living in right now, please fill out a form 8822, that's a change of address, notifying the IRS, hey, I don't have this account anymore, or I have moved. Please fill out this form as soon as possible so that you could get and see your stimulus check on time for when you need it. Another thing about the stimulus check, it's actually an advance payment or advance help for taxpayers for the year 2020, so when you actually file your tax return for 2020 tax year, when you file that next year, April 2021, it would actually look at what your adjusted gross income is for 2020, to determine whether you get to keep all of your stimulus check, or whether you have to return some of it, unfortunately. So I thought I'd just throw that in. And then for people who have not filed their 2018 and 2019 tax returns, I would recommend to file the 2019 tax return first, and this way you could go ahead and e-File, and so the IRS is notified of your A, your refund, and two, to notify them of your most current address, or your current bank account information. So, those are just three very important things to know, and then I am getting a few questions on the stimulus check. One of them is, let's see here. "I had heard that if you filed your taxes, "you used your bank account, then the IRS "would use the information to send your check. "Is this true?" Yes, I had mentioned that. Another one is, "Will a taxpayer have to repay the credit "if they are no longer married by the end of 2020, "and or they can no longer claim dependents "that they were able to in 2019?" Again, the stimulus check is going to be based on your 2020 income situation. But if you want a bit more of an individualized advice, or your question answered, please contact a financial coach to go over your particular situation.

[Tiffany] And Tess, what form is that again for a change of address? What form was that?

[Tess] Form 8822.

[Tiffany] Okay, thank you.

[Tess] And, let's see, another question. Do 2019 taxes have to be filed before a certain date before the stimulus? So what I heard from Vivian, the rollout for the stimulus check is what, April 13th? So you would want to file your income tax as soon as possible, because when you e-File, like say today, then the IRS already knows your information. So today's the 10th, so you want to get that done as soon as possible. They will still send you your check, it will just be delayed. And, let's see, you have time for a couple more. Vivian, Tiffany, do you want to add anything?

[Tiffany] Yeah, I am actually [going to] throw a question to you. What if I owed in 2018? I filed my taxes in 2018, and I owed in 2018, so the IRS will not have my direct deposit information, because, as I heard, the stimulus checks were to go out via direct deposit, if the IRS had that on file. But what if I owed and they did not have my direct deposit information on file? How would I get my stimulus check?

[Tess] They will then look at your mailing address, and they will send you an actual check instead.

[Tiffany] Okay, great, thank you for that.

[Tess] You're welcome.

[Tiffany] And Vivian, I'll throw it to you for more questions.

[Vivian] Yeah, I did see, this'll be for Tess, but I did see a question here from Katherine, that says, "What does refundable tax credit mean?" So why don't you give a more specific answer?

[Tess] Yes, so a refundable credit is actually zeroing out your tax liability, and the portion that was still available for that credit is actually refunded to you. Let me give you a quick example. Let's say a married couple has a tax bill of \$1,200, but they have a child tax credit that's \$2,000, so it will zero out that \$1,200 debt, and then they will still get an \$800 refund. That's what a refundable credit is. You're going beyond your tax liability. For the nonrefundable credit, in contrast, you don't get the difference. So it zeroes out your tax liability, and you forfeit the rest of the credit.

[Vivian] Hm, good insight. Thank you for that.

- Very good insight, yeah.

[Vivian] And I see a question here by Bethany. Bethany wants to know, for student loans, "Is there a certain way to set up those suspended payments, "or is it supposed to be automatic "for the loans that qualify?" You [want to] take that away, Tiffany?

[Tiffany] Yeah, for the federally backed loans, it's supposed to be automatic, so like I said before, you [want to] make sure that you understand if your loan is federally backed or if it's private. Now if it's federal, it's supposed to be automatically suspended, but if it's private, that's not going to be automatically suspended, and you need to contact your servicer to see if they offer a relief program if you need it. Yeah, and another question I see here from Kristen is, "How do I budget on an income that is inconsistent, "if I am self employed?" Kristen, one of the things to do when your income is inconsistent is, look at your expenses, start with your expenses, and know how much you need to come in every month to pay your fixed expenses, so that you have a kind of goal of what you need to bring in in terms of income. In the months that you have income that is above what you need in terms of fixed expenses, one of the best things that we can tell you to do is set that aside and save it for the months in which your income is lower and it may not meet those fixed expenses. So save on the good days, so that you can use it during the bad days. That's kind of like a mantra for this COVID-19 crisis, right? If you saved and it was good, and here comes an emergency that was out of our control, then we can pull from that, but make sure that you are clearly aware of what you need to bring in to pay your fixed expenses so that you can survive, save in the better months, and use it during the months in which it's not as consistent as you would like.

[Vivian] Yeah, definitely. Well I see a question here from Ayanna. She's also in New York City, and she wanted to know, "If I'm paying rent in New York City, "and I don't pay my rent for this month, "will I still owe that money eventually?" Oh, Ayanna yes, we do owe it, unfortunately. It's not a forgiveness, it's a forbearance, so basically, at the end of the 120 days, if you will, basically, we will have to make sure that those payment are made, because at that point, then yes, they can legally act on it, and do an eviction. As I said before, things are changing on a day to day basis, so we're [going to] see how long this whole coronavirus situation is [going to] play out 'til. But up 'til now it's 420 days of, basically what they can't do is charge those penalties and fees in addition to putting anyone out as an eviction. But everyone will be responsible for paying the rent come those 120 days.

[Tess] All right, I have a tax question here from Lisa. "I have two kids and both students in 2019, "so we claimed them as dependents, "but they both filed their income taxes. "Will they be getting stimulus checks?" The answer would be yes, they will get their own stimulus check when they file their tax return, when they have for the 2019. Another question I'm seeing here is, "How is the stimulus check calculated when it's prorated?" So let me give you a very quick example. Let's say married filing jointly, and their adjusted gross income is \$155,000, so that is \$5,000 over the 150, so what you do is \$5,000 divided by 100 is 50, multiply that by five dollars, that comes out to be 250, and so that is subtracted from the \$2,400, the full stimulus check. So a couple that makes \$5,000 more will get \$2,150. So it's prorated. You would count basically \$100 over the amount, multiply that by five dollars, and that's how your stimulus check will be reduced by. Okay, and Vivian and Tiffany do you have your own questions?

[Tiffany] Yeah, Tess I'm seeing a lot of questions about, "Are resident aliens eligible for stimulus checks, or people "who have a green card"--

- Yes. "Or are noncitizens?"

- Yes. Yes, for tax purposes, they are considered similar to a US citizen. Green card holders are basically authorized residents, and workers, employees, so they are eligible for the stimulus check.

[Tiffany] Oh great, that's good to know. I am seeing a question about if there's any programs for people whose income has been reduced, not necessarily unemployed, but reduced due to coronavirus, from Corey. Corey, yes, that is an example of where you can apply for unemployment insurance, and stating that you've got a reduction in income due to the crisis that is of no fault of your own, and hopefully you should qualify for unemployment insurance. The CARES Act did expand that for people who don't have a lot of work history, or for people whose income has been reduced. The toughest thing that I'm seeing, when I watch the news nationally, again, is that a lot of state sites are crashing because so many people are applying at the same time. So one tip that I heard was to go in and apply when people aren't on. The tough thing is, do I [want to] wake up at 3:00 am to file an unemployment application, but that might be what's necessary in order to get your funds. I know in the state of Florida, our system crashed so much that they went back to paper applications. So check with your state to see what alternatives they offer if the system and the site keeps crashing.

[Vivian] Mm, good insight.

[Tess] I have a, go ahead. Go ahead, Vivian.

[Vivian] That's okay. It was actually a question for you, too . So I see here that--

- Okay, yeah.

[Vivian] Anthony asked a question, "Is it too late to give the IRS a direct deposit account, "and if so, how do I go about doing that," because I've seen that the portal on the IRS website is still not ready to get direct deposit account information, so are there any other options that people have right now to submit their information for direct deposit?"

[Tess] If the 2019 tax return has already been e-Filed, then the IRS has no other information, unless you could get your form 8822, which I highly doubt it will get processed right away, so you could just basically count on getting it as a check in the mail, if they didn't have your direct deposit information. I have a question here. "If we have a 17 year old son "that filed 2018 and 2019 taxes, "does he qualify for any stimulus money?" So that actually depends. If he was 16 at the end of those years, and you claimed him as a dependent, then you, as parents, will get \$500 for that dependent child. But for him if, let us say that he filed as an adult, meaning you did not claim him as a dependent, then he would get the full \$1,200 himself. And if you claim him beyond the age of 17, nobody gets the \$500, not him, not you as a parent, either, unfortunately.

[Vivian] Interesting, good info.

[Tiffany] Yeah, that's rough, that's rough, 'cause--

- Yeah, unfortunately. Here's another one.

- You're left out of the family, aw.

[Tess] "My ex husband, per our divorce decree, gets to claim two of our kids for taxes, but I have full custody. Is he going to get the \$500 per child?" The parent that claimed the child that's under 16 years old at that time gets the \$500 stimulus check.

[Tiffany] Okay, so you have to claim the children?

[Tess] Correct. Unfortunately the IRS doesn't know everybody's divorce agreement, and so the physical custody kind of gets set aside at this moment in time, because the IRS can only look at the tax return. What taxpayer claimed the child, m-hm.

[Tiffany] Wow, wow, okay.

[Tess] And we have one more, a question that we have time for. "If the taxpayer owed for 2018, "and their refund was offset for 2019, "but they provided DD information." DD could mean, that could be a W2 code which is for employer paid health coverage, or do you mean dependent day care expense? So I'm not quite sure. Maybe we'll hold off on answering that question. It's quite specific. Please contact your Money Coach, and make an appointment with a tax coach. We can dive in more into your situation. All right, how are we doing on time? Yeah, I think--

- Have a couple more minutes.

[Tiffany] Okay, good. I see a question here, and I think it's so crucial to this time. Peter asked, "What is the best advice "for getting your spouse to get on the same page as you when setting a budget, 'cause communication does not work?" That is one of the, is like a golden ticket, million dollar question in good times and in bad, because I think studies show we tend to marry our financial opposites, right?

- Right, yes.

- Yeah. That's when a Money Coach actually comes into play, because--

- Oh, yeah.

[Tess] Kinda like a referee, and also unbiased with both, and could give unbiased advice or suggestions.

[Tiffany] Yeah, yes, definitely. As a Money Coach, I have definitely gotten in-between couples, and helped them to understand, my biggest point, was to help them understand that we all attach different meanings to money. I can never find two people that got married and were raised the same way as it comes to finances. And so one thing I always ask spouses to look at with the other spouse is, what does financial security mean to you? And it could be that both spouses are correct, but they were just taught different methods growing up, and so you get into a marriage, and you expect that everything's in agreement. But we forget, our spouse wasn't raised by our parents, right?

[Vivian] Right.

[Tiffany] They didn't receive the same message, and we just automatically think, yeah, that message was the same, and it wasn't. So everybody has different meanings to the same thing, and that's what creates the conflict, so if you can understand that they're just coming from a different perspective, but they could still be right, then you can open up and still share.

- Yeah, very true.

- All right.

[Vivian] And so that wraps up our time. As we mentioned, we have some great tools on mysecureadvantage.com that you don't want to miss out on. Definitely a lot of updates on there, and we're [going to] have some frequently asked questions on there, too, in the near future. So check out our website for more details, and there's also playbacks of the conversations we've been having over the last couple of weeks, as well. Thank you ladies for joining me today. I love this work--

- Thank you.

[Vivian] And you know, hope that you got some valuable nuggets, or things to think about and ponder upon the next couple of weeks, and let's all strive to be stronger and better out of this situation, and we look forward to helping you more in the near future.

Resources For Living

The EAP is administered by Resources For Living, LLC. This material is for informational purposes only. Money coaching services are provided and managed by My Secure Advantage (MSA), an independent third party. Resources For Living does not oversee or control the services provided by or recommended by MSA and does not assume any liability for their services.

©2020 Resources For Living | 44.25.931.1-RFL (5/20)