

\$mart Money Moves: Financial Tips For the Pandemic and Beyond

Lesley Mace

Federal Reserve Bank of Atlanta – Jacksonville Branch

Lesley.Mace@atl.frb.org



The views expressed are mine, and not necessarily those of the Atlanta Fed or the Federal Reserve System.

Covid- 19 and the Economy



<https://fred.stlouisfed.org/>

The economy was doing very well before the virus arrived.

- A key point to remember is that this crisis is different from most economic slowdowns in that it did not result from excessive risk-taking or economic fundamentals deteriorating.
- Before the pandemic, labor markets were strong and consumers confident. Housing markets and the financial system were generally healthy.



Economic fundamentals can support a strong recovery.

- In a sense, the pre-pandemic economic conditions offer hope. If we weather the crisis without lasting damage to those economic fundamentals, then the fundamentals can support a strong recovery.

- Pre-Pandemic Economy:

- Strong Economic Growth
- Very Healthy Labor Markets
- Low and Stable Inflation
- Solid Financial Fundamentals



Financial Tips Series



FEDERAL RESERVE BANK *of* ATLANTA

RESEARCH & DATA ECONOMY MATTERS BANKING & PAYMENTS NEWS & EVENTS EDUCATION COMMUNITY DEVELOPMENT ABOUT THE FED

ANNUAL REPORT ECONOMIC RESEARCH BANKING & FINANCE REGIONAL ECONOMICS COMMUNITY & ECONOMIC DEVELOPMENT INSIDE THE FED DEPARTMENTS

ECONOMY MATTERS



ANNUAL REPORT

ECONOMIC RESEARCH

BANKING & FINANCE

REGIONAL ECONOMICS

COMM/ECON DEV

INSIDE THE FED

DEPARTMENTS

By the Numbers
Financial Tips



Our new Financial Tips series is your go-to source for knowledge and best practices for your financial life. Visit this page monthly for strategies designed to reduce the likelihood that a financial setback becomes a financial disaster.

Financial Tips from the Atlanta Fed: National Preparedness Month

September 1, 2020

National Preparedness Month occurs every September to promote disaster planning. It is a good time to create or update your emergency plan. Use these tips as a guide when you review your plan.

Financial Tips from the Atlanta Fed: Avoiding Scams

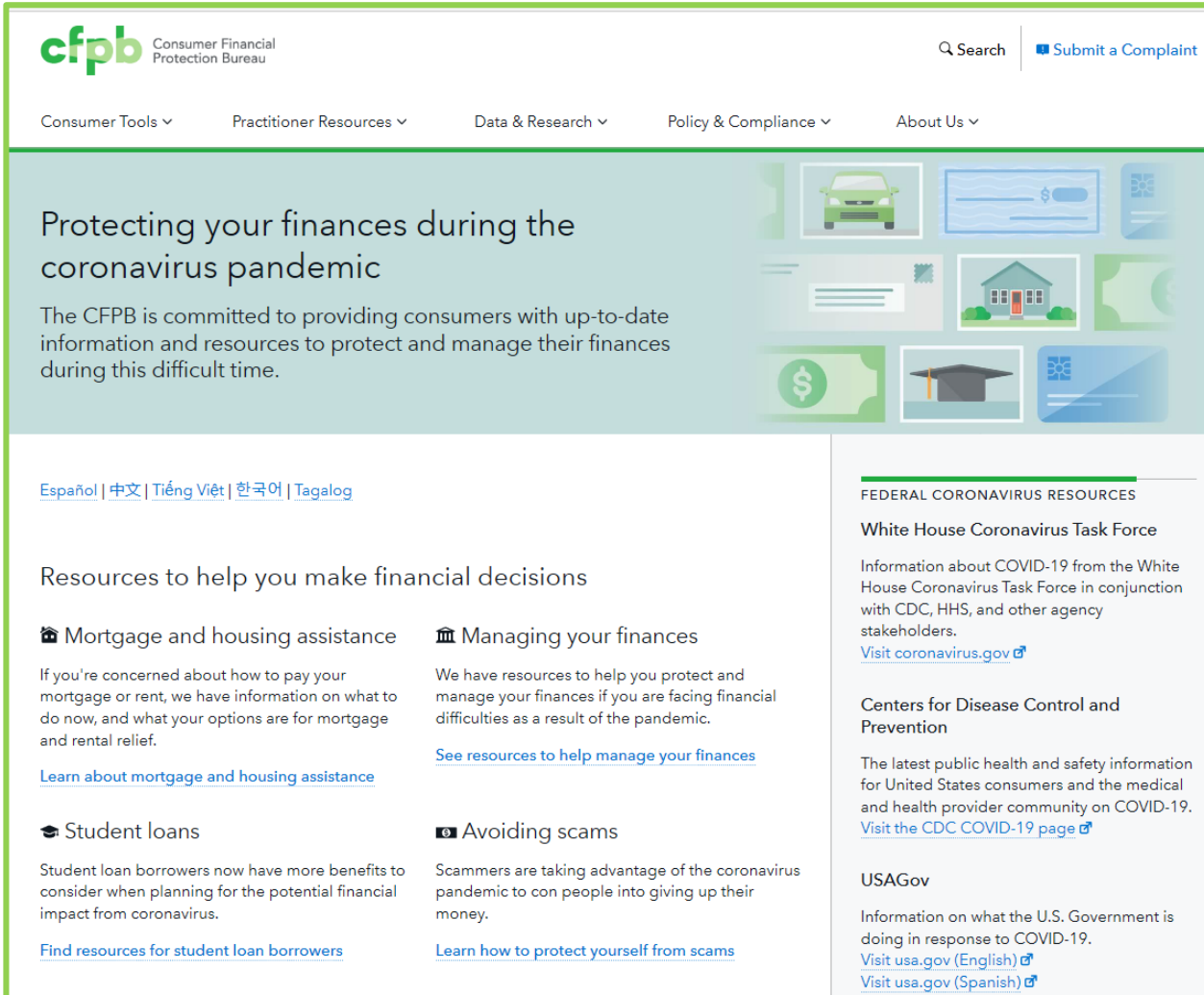
August 3, 2020

Scammers have been taking advantage of the health and financial concerns resulting from the pandemic. Learn how to protect yourself and keep your money safe.

tx

<https://www.frbatlanta.org/economy-matters/financial-tips>

Consumer Financial Protection Bureau



The screenshot shows the homepage of the Consumer Financial Protection Bureau (CFPB). At the top, there is a green header with the CFPB logo and the text "Consumer Financial Protection Bureau". To the right of the logo are links for "Search" and "Submit a Complaint". Below the header is a navigation bar with links for "Consumer Tools", "Practitioner Resources", "Data & Research", "Policy & Compliance", and "About Us". The main content area features a large banner titled "Protecting your finances during the coronavirus pandemic" with a subtext stating the CFPB's commitment to providing up-to-date information and resources. To the right of the banner is a grid of icons representing various financial topics like cars, houses, money, and education. Below the banner, there are language links: "Español | 中文 | Tiếng Việt | 한국어 | Tagalog". The page is divided into two main columns. The left column is titled "Resources to help you make financial decisions" and contains four sections: "Mortgage and housing assistance", "Managing your finances", "Student loans", and "Avoiding scams". Each section has a brief description and a link to more resources. The right column is titled "FEDERAL CORONAVIRUS RESOURCES" and contains three sections: "White House Coronavirus Task Force", "Centers for Disease Control and Prevention", and "USAGov". Each section provides information about COVID-19 and links to relevant resources.

cfpb Consumer Financial Protection Bureau

Search Submit a Complaint

Consumer Tools ▾ Practitioner Resources ▾ Data & Research ▾ Policy & Compliance ▾ About Us ▾

Protecting your finances during the coronavirus pandemic

The CFPB is committed to providing consumers with up-to-date information and resources to protect and manage their finances during this difficult time.

[Español](#) | [中文](#) | [Tiếng Việt](#) | [한국어](#) | [Tagalog](#)

Resources to help you make financial decisions

Mortgage and housing assistance

If you're concerned about how to pay your mortgage or rent, we have information on what to do now, and what your options are for mortgage and rental relief.

[Learn about mortgage and housing assistance](#)

Managing your finances

We have resources to help you protect and manage your finances if you are facing financial difficulties as a result of the pandemic.

[See resources to help manage your finances](#)

Student loans

Student loan borrowers now have more benefits to consider when planning for the potential financial impact from coronavirus.

[Find resources for student loan borrowers](#)

Avoiding scams

Scammers are taking advantage of the coronavirus pandemic to con people into giving up their money.

[Learn how to protect yourself from scams](#)

FEDERAL CORONAVIRUS RESOURCES

White House Coronavirus Task Force

Information about COVID-19 from the White House Coronavirus Task Force in conjunction with CDC, HHS, and other agency stakeholders.

[Visit coronavirus.gov](#)

Centers for Disease Control and Prevention

The latest public health and safety information for United States consumers and the medical and health provider community on COVID-19.

[Visit the CDC COVID-19 page](#)

USAGov

Information on what the U.S. Government is doing in response to COVID-19.

[Visit usa.gov \(English\)](#)

[Visit usa.gov \(Spanish\)](#)

<https://www.consumerfinance.gov/>

Homeowners and Renters

- Under the CARES Act, federally funded or GSE backed mortgages cannot be foreclosed on through 12/31/2020
- Homeowners have the right to ask for a forbearance of up to 180 days
- Contact your lender if your mortgage is privately funded
- The CDC issued a eviction moratorium for renters until 12/31 for Covid-19 hardships; some conditions apply



Student Loans

- Principal and interest payments on all federally held student loans is suspended through 12/31/2020
- Debt collection suspended
- No action is needed by borrowers
- Interest set to 0% through 2020
- 40 million Americans hold student loan debt; 1 in 4 loans is delinquent or in default (Forbes)



Credit Cards and Other Debts

- Credit cards and Auto loans:
 - Contact your lender; many have Covid-19 relief plans in place
 - Solutions include loan extensions, lower interest rates, elimination of late fees and forbearance
 - Monthly due date change can be requested
 - Auto loan refinance or trade-in options



Retirement Accounts and Home Equity Loans

- Early withdrawals due to Covid-19 related financial issues are not assessed the 10% penalty if you are younger than 59 ½
- Taxes are spread out over a three year period, but may affect unemployment eligibility
- Waiting periods can be waived for home equity loans



Prioritizing Bills

- Prioritize your job:
 - Transportation, car insurance, child care
- Prioritize your housing:
 - Rent, mortgage, taxes and insurance, utilities
- Prioritize your health:
 - Health insurance
- 211 Assistance:
 - Access to local resources to help with housing, child care, food, mental health services and more



Avoiding Scams

- Safeguard personal and financial information, especially if you are being asked to share account numbers or passwords in response to an unsolicited call, text, or email.
- Verify emails before opening any attachments or clicking on links.
- Government agencies won't ask you for personal information or money. Scammers frequently spoof phone numbers to deceive you into responding, so be aware and do not reveal personal information.



Avoiding Scams

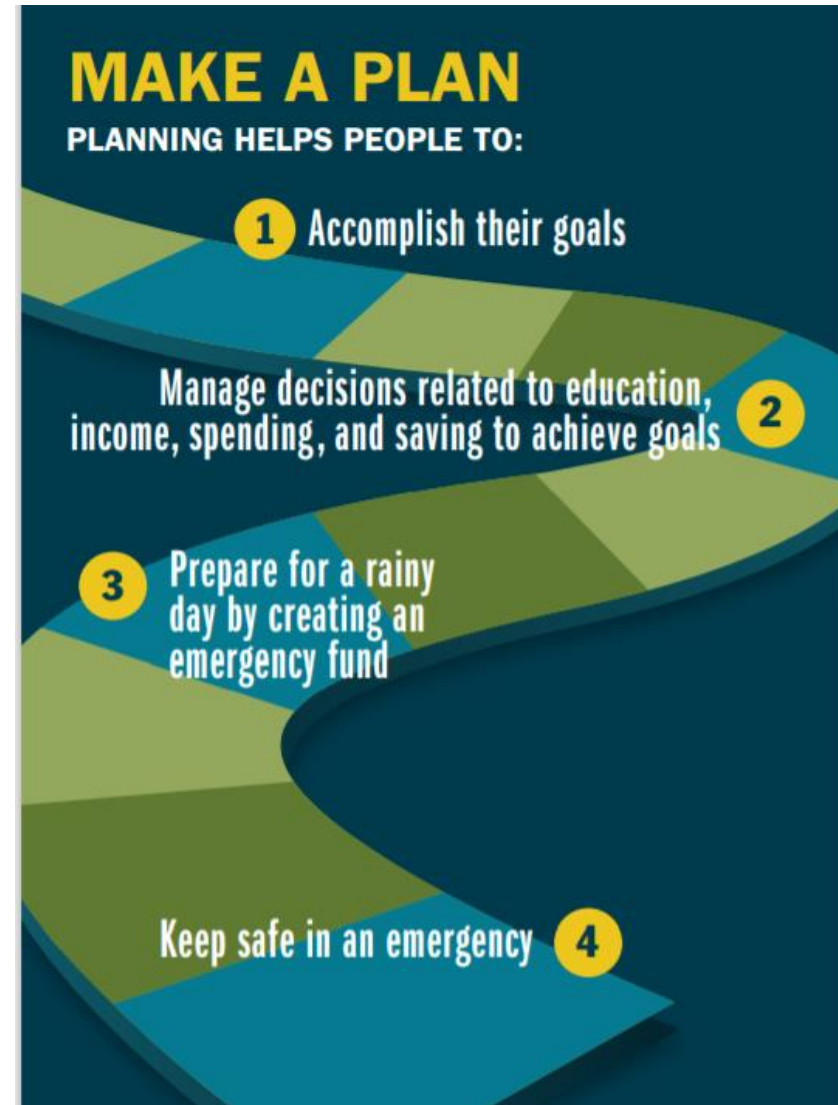
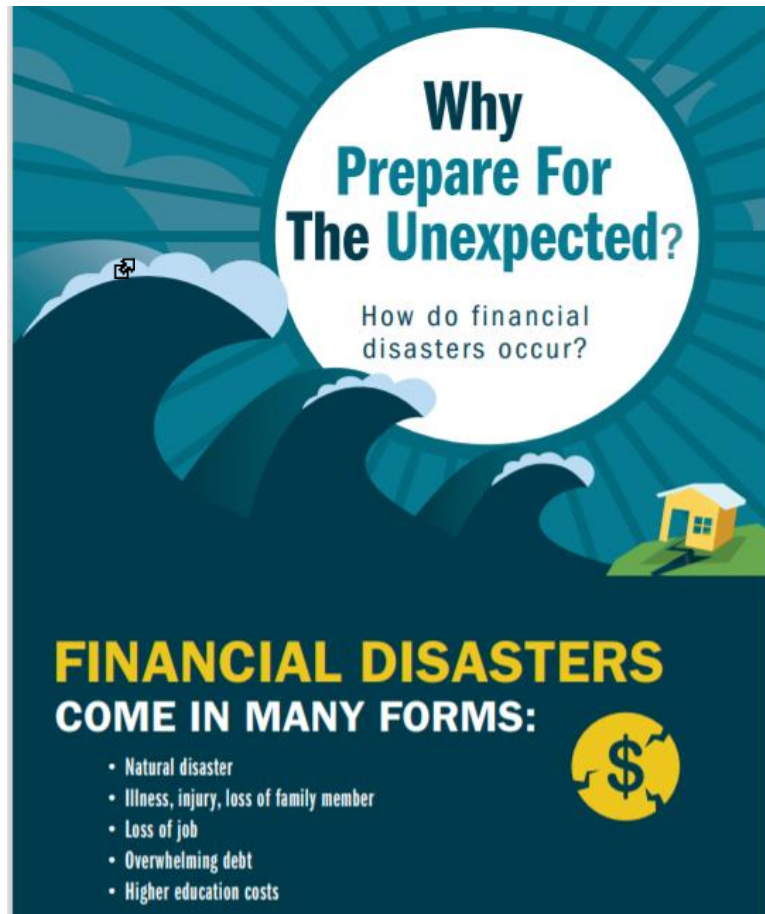
- Be sure to check on a charity before making a donation by either calling it directly or going to its website. Pay by check or credit card so you can reconcile your donation with your financial statements later.
- If you are being asked to pay through an unusual way such as gift card, prepaid debit card, wire transfer, or courier, or if the organization takes only cash, it may be a scam.
- If you believe that your financial accounts have been compromised, contact your financial institution immediately and watch for any unexplained charges to your account or signs of identity theft.



Tip: Protect Your Identity

- Shred or destroy your bank and credit card statements and all other private records before tossing them in the trash.
- Give out your Social Security number only when absolutely necessary, and never carry both your Social Security card and driver's license in your wallet.
- Pick up mail promptly from your mailbox, and never leave outgoing mail with paid bills in an unsecured mailbox.
- Don't give out personal information on the phone, through the mail or on the Internet unless you're sure you know with whom you're dealing.

Prepare for Financial Emergencies




Step One: Emergency Fund

AN EMERGENCY FUND IS:
MONEY SET ASIDE THAT CAN BE ACCESSED QUICKLY FOR UNEXPECTED EXPENSES

How much should I have in an emergency fund?

3 to 6 months of living expenses is the recommended amount for an emergency fund.



The illustration shows a single gold coin with a dollar sign and a stack of green banknotes, representing money.

PLANNING AND PREPARING FOR EMERGENCIES

- Create an emergency plan.
- Set a goal and save for an emergency fund.
- Identify and organize the items you need.
 - Important documents
 - List of financial contacts
 - Family emergency contacts
 - Cash, debit card, credit card, checkbook
 - Other personal items



The illustration shows a yellow piggy bank with a dollar sign, a checklist with three items (1=, 2=, 3=), and a yellow sofa, representing planning and preparation.

A Budget Tells Your Money Where to Go

WHAT IS A BUDGET?

It's a **plan** to **manage** your money by monitoring your **income** and tracking your **expenses**.

Determine income

WHERE DOES YOUR MONEY COME FROM?

- Allowance
- Financial gifts
- Interest from financial accounts
- Wages
- Scholarships, grants, and student aid

Identify expenses and track spending


WHERE DOES YOUR MONEY GO?

- School expenses
- Activities
- Bills
- Entertainment
- Food

Develop the budget plan

Follow the Money

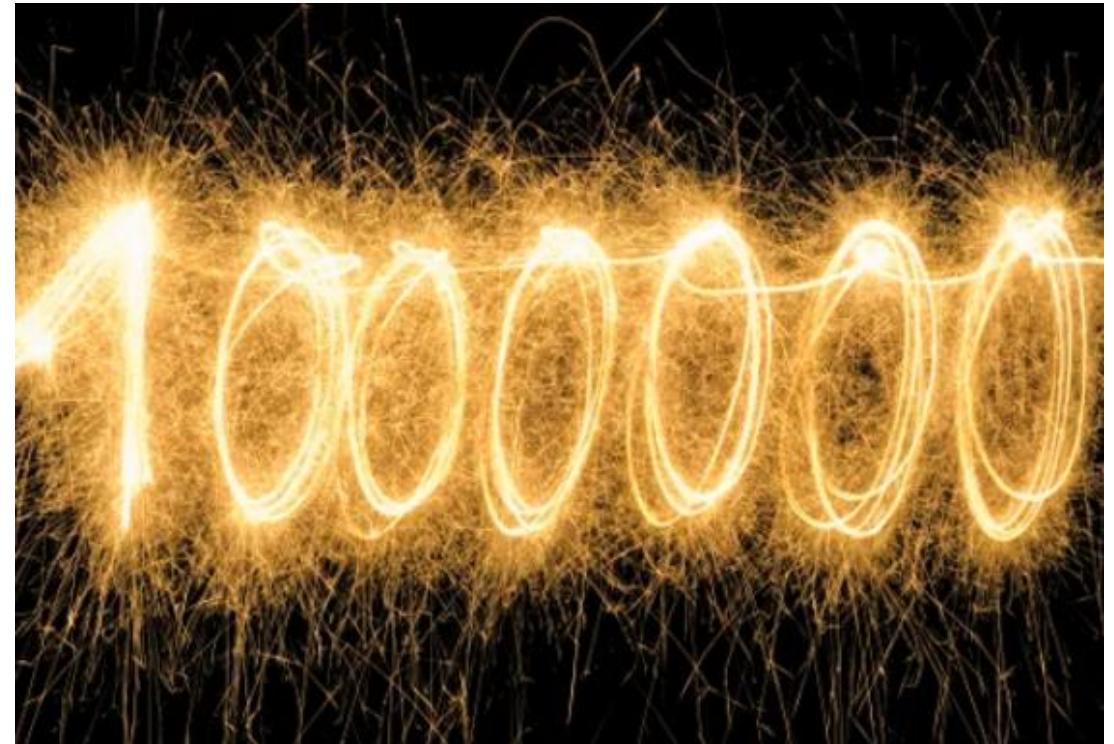
Mapping a budget plan helps you see where you've been and takes you where you want to be.



Income	
Allowance	\$100.00
Financial gifts	\$50.00
Total income	\$150.00
Expenses	
Savings	\$25.00
Fixed Expenses (same every month)	
School fees	\$12.00
Gym membership	\$15.00
Cell phone bill	\$35.00
Variable Expenses (may change each month)	
Movies	\$20.00
Food	\$35.00
Total expenses	\$142.00 for the month
Surplus	\$8.00

- Pay yourself first "savings"
- Consider your goals
- Cover budget shortfalls
- Know what you owe and when it's due
- Plan for the unexpected

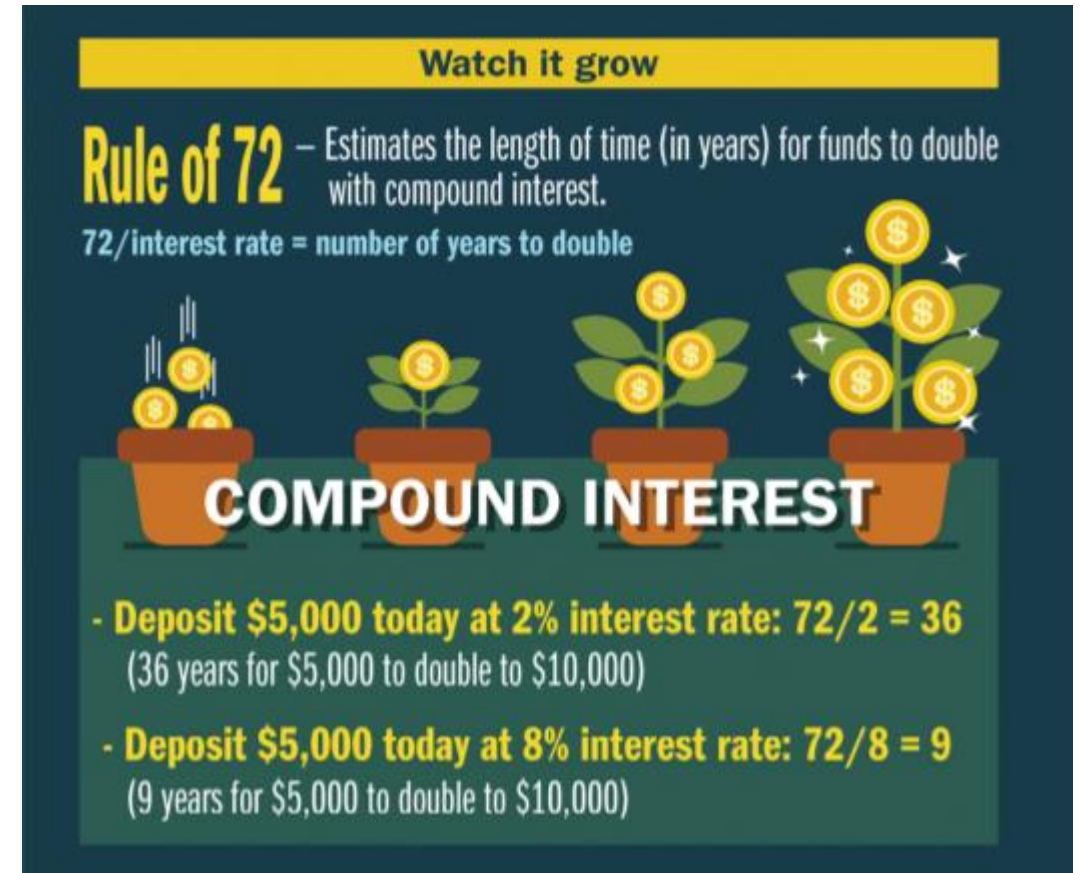
Budgeting Tips



Millionaire Game:

<https://www.econedlink.org/resources/how-to-become-a-millionaire/>

Saving versus Investing



The Magic of Compound Interest



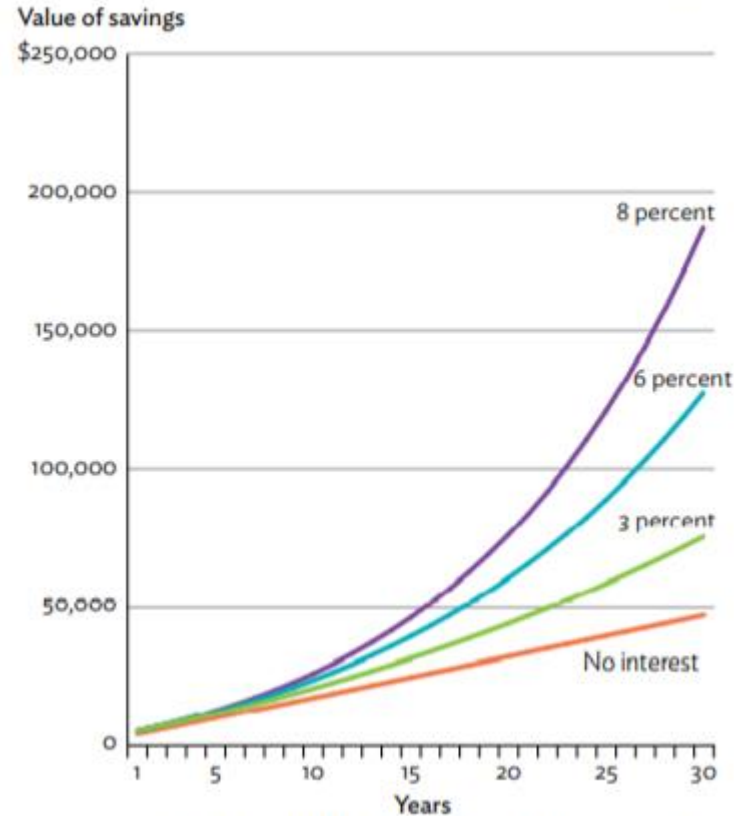
Tip: Saving

To help you maintain the discipline to save:

- Save every month.
- Have savings automatically deducted from your paycheck or checking account.
- Base your budget on what's left.

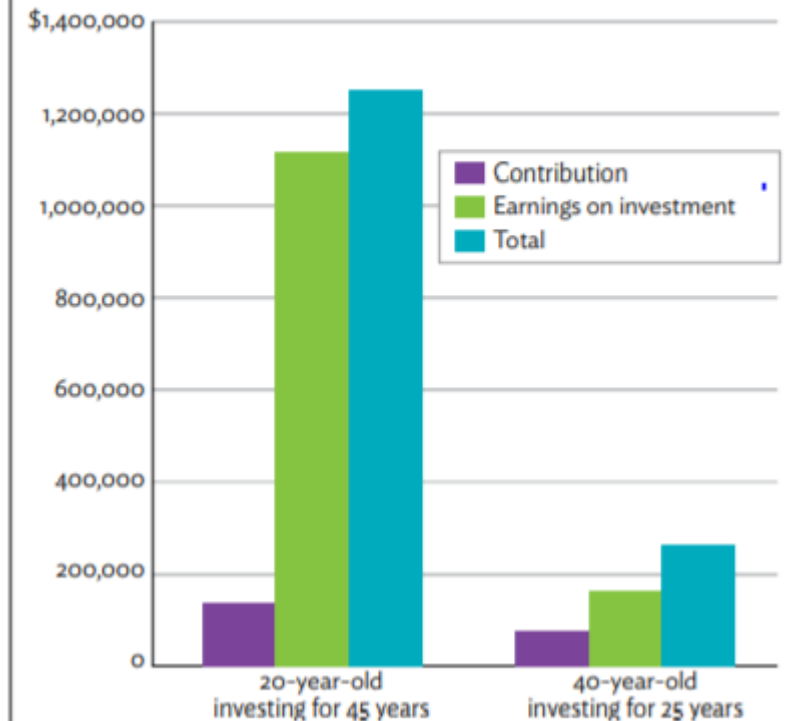
In other words, get on automatic pilot and stay there.

The Compound Interest Advantage



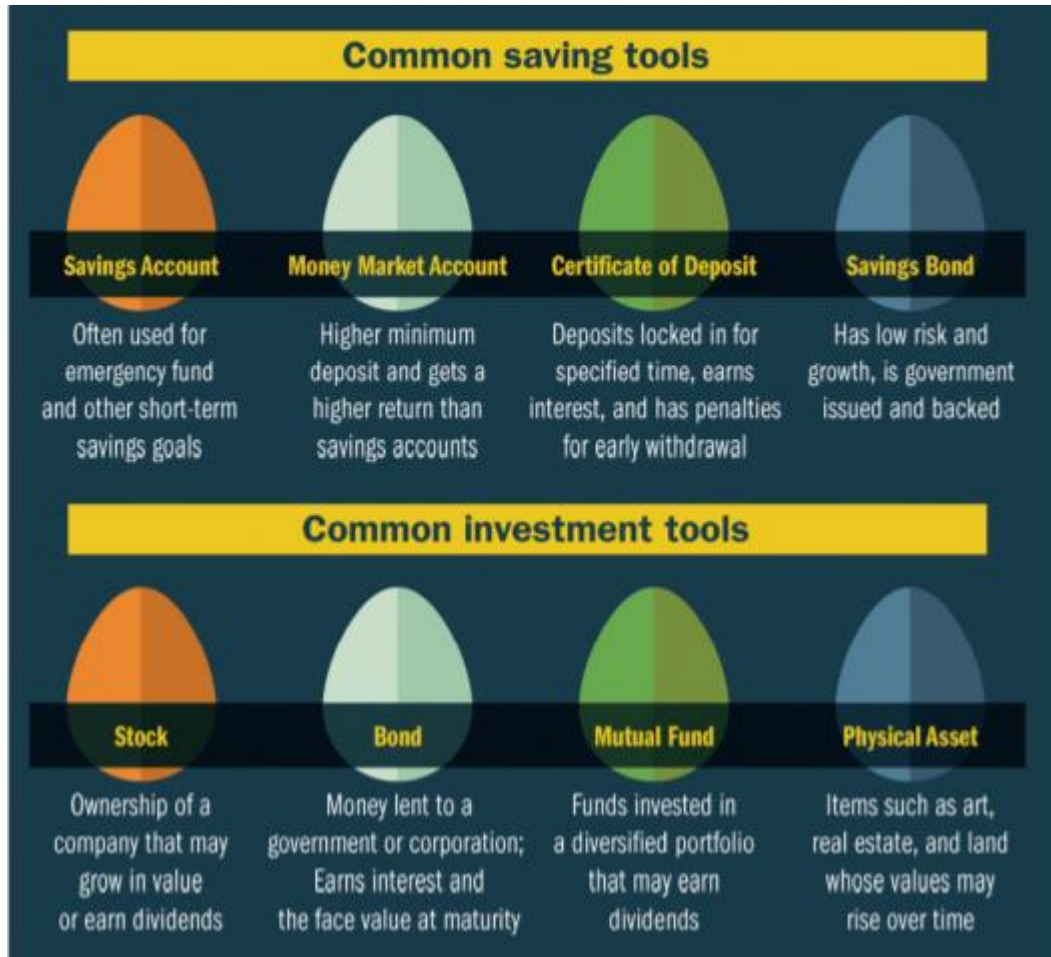
Examples assume \$125 monthly deposits; the compound interest examples assume monthly compounding.

Invest in an IRA: The Sooner You Start, the Better



Assumes an annual investment of \$3,000 and an 8 percent rate of return.

Saving and Investment Strategies

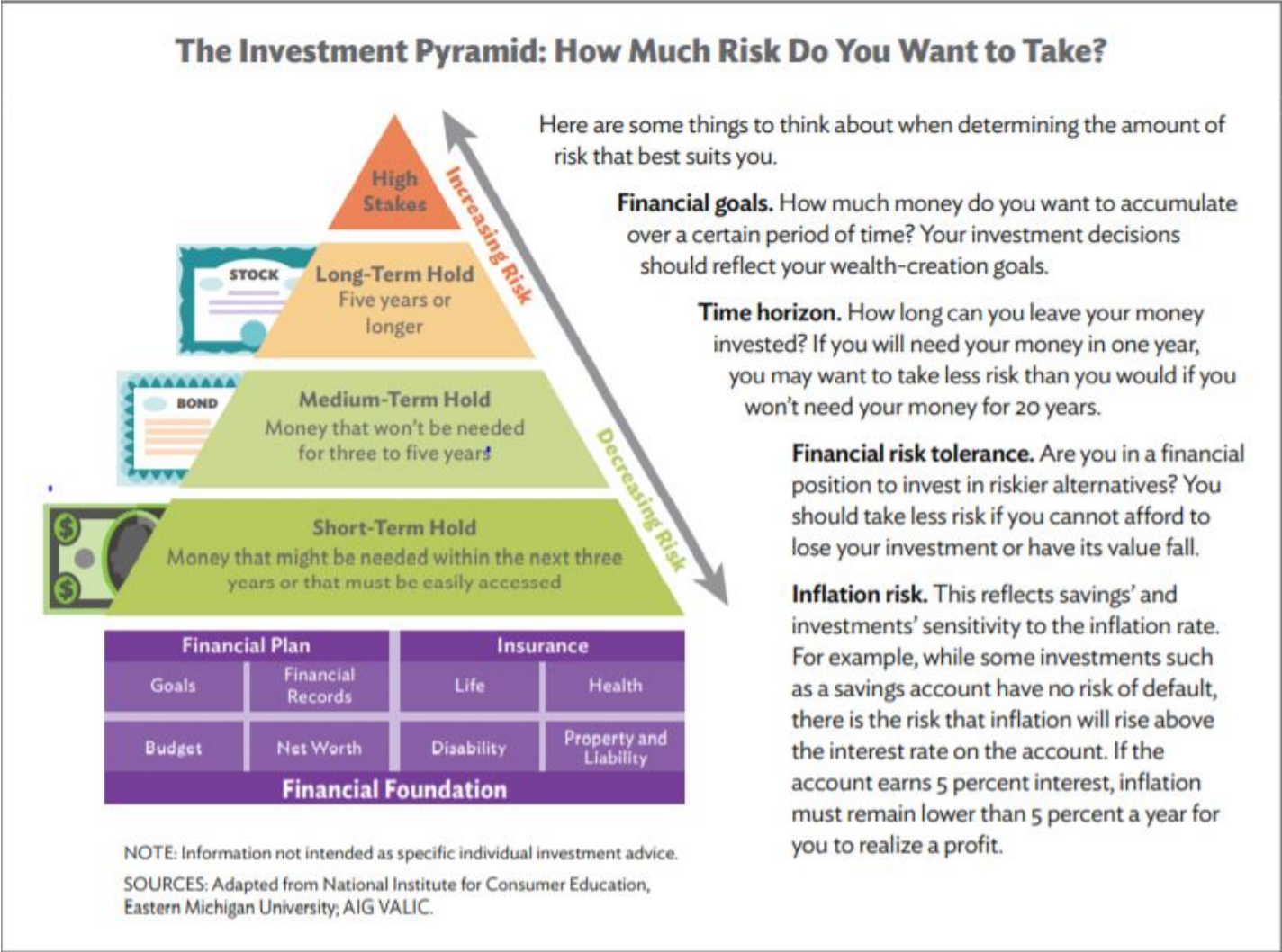


**Tip: Investing**

Remember, when investing:

- Find good information to help you make informed decisions.
- Make sure you know and understand all the costs associated with buying, selling and managing your investments.
- Beware of investments that seem too good to be true; they probably are.
- Investigate financial professionals *before you invest*. Your state securities board provides free services to check credentials.

Risk versus Return



Risk versus Return

Inflation Rate	3%	5%	7%
After 10 Years	\$744,094	\$613,913	\$508,349
After 20 Years	\$553,676	\$376,889	\$258,419
After 30 Years	\$411,987	\$231,377	\$131,367
After 40 Years	\$306,557	\$142,046	\$66,780
After 50 Years	\$228,107	\$87,204	\$33,948

Data from AOL.COM Personal Finance, "You Bet Your Buck #4"

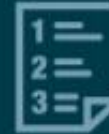
Credit

MAINTAINING A GOOD CREDIT HISTORY IS CRITICAL TO FINANCIAL STABILITY

- Pay all of your credit obligations on time.
- Establish a relationship with a financial institution.
- Monitor your credit history regularly to ensure accuracy.
- Get a free credit report each year at annualcreditreport.com.

CREDIT REPORT

Is a credit report the same as a credit score? **NO**

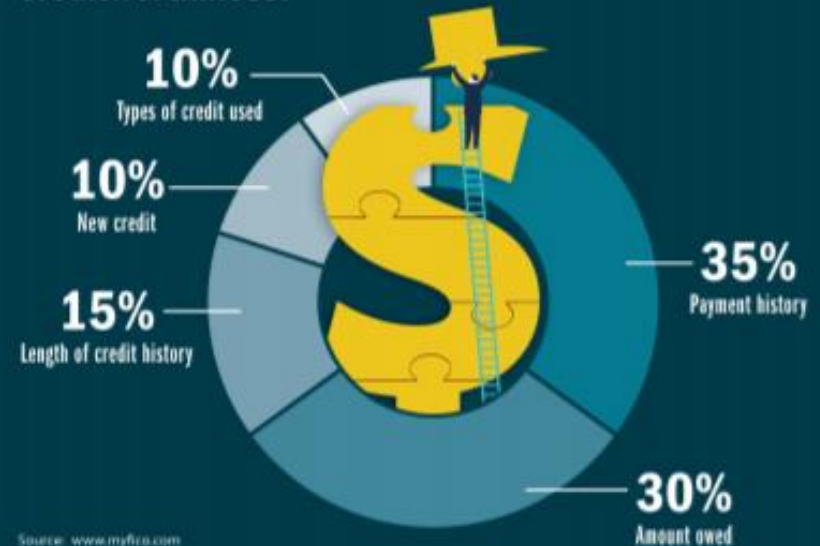


A credit report is a record of your credit history. It can show lenders and others how you manage your financial responsibilities.

CREDIT SCORE

What makes up your credit score?

A credit score is a number a lender calculates from entries in your credit report indicating your creditworthiness.



Source: www.myfico.com

Good Credit Saves You Money

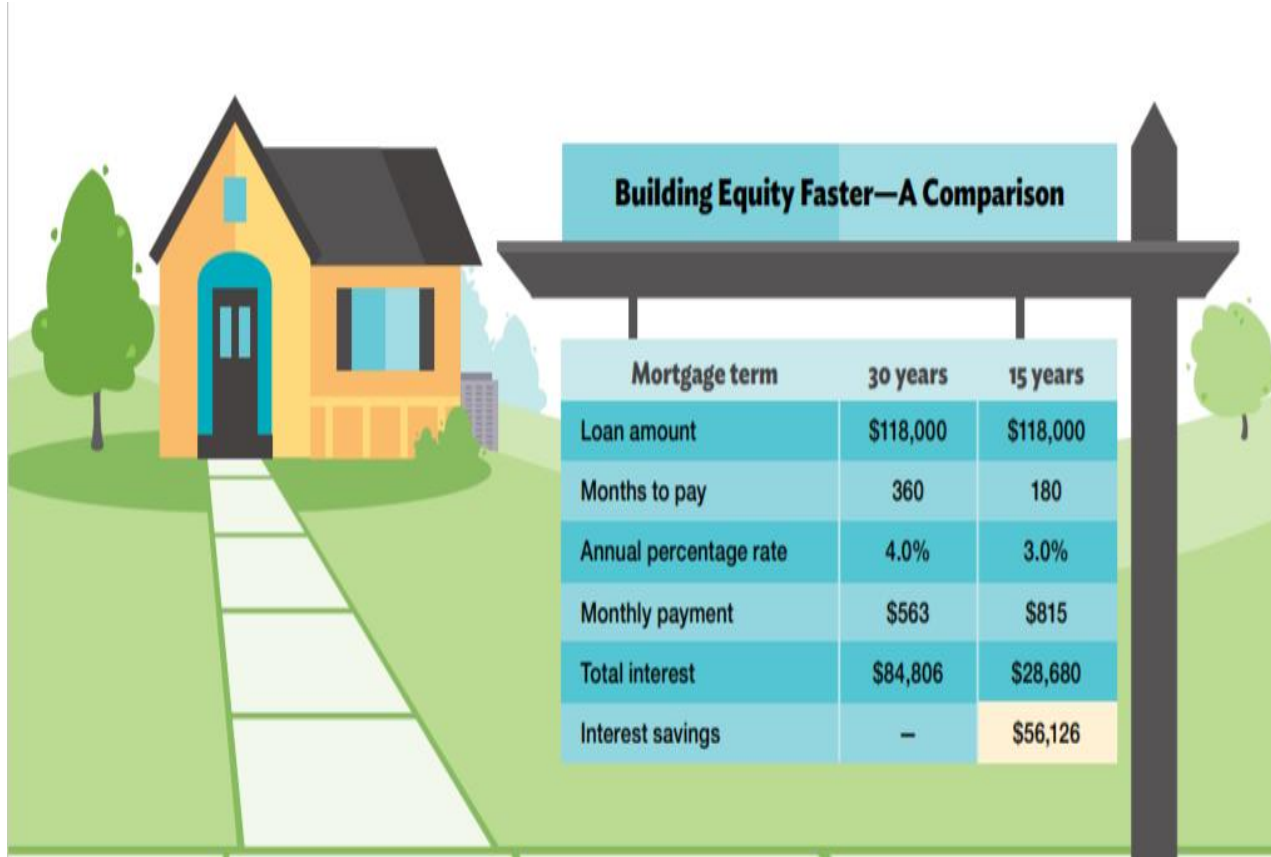
Is a higher score really better? YES

Sample interest and payment for a \$20,000 car loan paid over 60 months

Score	Interest rate	Monthly payment	Total interest paid
720-850	3.26%	\$362	\$1,699
660-689	6.75%	\$394	\$3,618
500-589	16.70%	\$494	\$9,632

Source: Sample loan savings calculator results from myfico.com, as of 5/20/2015

Homeownership



- Owning a home versus renting
- Know the alternatives
- Know the costs
- Know the risks

Insurance Protects Your Wealth



Tip: Protecting Your Wealth

There are many types of property, health and life insurance, so do your research and seek good advice.

- Take advantage of group insurance through your employer or other associations you may have.
- Anticipate the needs of your family and decide how much you can afford to pay.
- Shop around and get at least two quotes.
- Consider a higher deductible to lower your premium.
- Ask about other discounts that may be available (for a good driving record, safety equipment, multiple policies with the same provider, etc.) to reduce your cost of coverage.
- Review your insurance coverage annually to make sure you have appropriate coverage as your situation changes.
- As with all investments, be sure to get all the facts before parting with your hard-earned money.



Personal Finance Infographics



<https://www.frbatlanta.org/education/classroom-tools/infographics>

<https://www.frbatlanta.org/forms/education/infographics-order.aspx>

Building Wealth



Building Wealth

A Beginner's Guide to Securing Your Financial Future



For Teachers

[Home](#) / [For Teachers](#)

Building Wealth in the Classroom

Explore this site for tools that facilitate personal financial education in the high school or college classroom.

Teach students about:

- Setting financial goals
- Budgeting
- Saving and investing
- Building credit and managing debt
- Protecting wealth with basic insurance

[Interactive Lesson Plans](#)

[Online Guide](#)

[Printed Guide](#)

[Tablet Guide](#)



Printed Guide

The *Building Wealth* printed guide includes:

- Lessons with examples of how the people of *Building Wealth* set goals, budget, build credit and control debt (see the [online guide](#) for more in-depth exploration of each character and their financial situations)
- Paper forms that help you learn how to
 - Define personal wealth
 - Use a balance sheet to determine net worth
 - Set financial goals
 - Track daily spending
 - Create a budget
 - Plan an investment strategy
 - Control debt
- A comprehensive glossary and resource list in the back of the guide

To request free paper copies, [order online](#) or call 800-333-4460.

The printed guide is available for download in [English PDF](#) and [Spanish PDF](#).

<https://www.dallasfed.org/~media/microsites/cd/wealth/index.html>

Adult Resources: Short Courses



Cards, Cars and Currency Online Course for Consumers

Cards, Cars and Currency is a set of personal finance programs that encourages participants to learn about three areas of personal finance: credit cards, debit cards and purchasing a car. Cards, Cars and Currency includes five individual programs that can be used together or individually to enhance personal finance learning.



It's Your Paycheck! Online Course for Consumers

It's Your Paycheck! is designed to introduce personal finance content. Course participants learn about a variety of personal finance topics including the link between education and income, budgeting, the benefits of saving, and credit reports. These learning modules will help participants make sense of W-2s, W-4s, pay-day Loans and APRs in an interactive online format. It's Your Paycheck! consists of nine individual programs that can be used together or individually to enhance personal finance learning.

Other topics include paying and receiving interest, budgeting, saving and general interest topics in economics

<https://www.stlouisfed.org/education>

No Frills Money Skills



Episode 1 - Growing Money - Compound Interest

Video

Discussion questions (pdf)

In this episode, economic education specialist Kris Bertelsen explains compound interest, or "Growing Money."



Episode 2 - Ways to Save - 401(k) and Roth 401(k)

Video

Discussion questions (pdf)

In this episode, students learn that it is important to save for college, cars, retirement, and the unexpected. The video also explains the difference between a 401(k) and a Roth 401(k).

- Short, engaging videos cover personal finance topics
- Growing Money (Compound interest)
- 401(k)
- Stocks
- Bonds
- Mutual funds
- Insurance
- Soft skills

<https://www.stlouisfed.org/education/no-frills-money-skills-video-series>

Free Personal Finance Resources



 **FEDERAL RESERVE
EDUCATION.ORG**

RESOURCES BY AUDIENCE ABOUT THE FED

EQUIPPING EDUCATORS, EDUCATING STUDENTS AND EMPOWERING CONSUMERS

Search for educational resources 

 **Find Your Federal Reserve District**
Locate your local Federal Reserve office for programs, museums and tours.



 **Virtual Learning Opportunities**
Learn more about webinars offered across the Federal Reserve System.

 **Order Publications**
Access classroom resources that are available in print.


www.federalreserveeducation.org



Federal Reserve Consumer Website



Need Help?
Call 888-851-1920



Español

[Learn More...](#)

[COVID-19 Resources](#)

[Credit, Debit, Gift and Prepaid Cards](#)

[Credit Reports and Scores](#)

[Deposit Accounts and Deposit Insurance](#)


[Electronic, Mobile and Online Banking](#)


[Foreclosure / Bankruptcy / Debt Collection](#)

[Identity Theft / Frauds and Scams](#)

[Loans and Leasing](#)

If you have a problem with a bank or other financial institution, contact the Federal Reserve for help.


 **CONSUMER ALERT**




Many consumers continue to be financially impacted by COVID-19. See the [Foreclosure/Bankruptcy/Debt Collection page](#) to ensure your credit is not negatively impacted if you've made arrangements with lenders or creditors. You can also visit the page for helpful tips on what do to when the month brings you more bills than money.

FILE A COMPLAINT

Not sure where to start? Learn about how to file a complaint about a bank.






- [What do I need to know before I can file a complaint?](#)
- [What do I do once I'm ready to file a complaint?](#)
- [What happens after I submit a complaint?](#)
- [What is the Consumer Financial Protection Bureau?](#)









HOW TO FILE A CONSUMER COMPLAINT ABOUT A BANK
Order Brochure Online

Find

Quick Links

-  [File a Complaint](#)
-  [Find an Answer](#)
-  [Contact Us](#)

Other Resources

-  [Board of Governors Regulation Listing](#)
-  [Consumer Action Handbook](#)
-  [Federal Reserve Consumer Information](#)
-  [Federal Reserve Education](#)
-  [HOPE NOW](#)
-  [State Banking Departments](#)
-  [Consumer Alert Archive](#)

About Us

- [Privacy Act Statement](#)
- [Disclaimers](#)
- [Accessibility Statement](#)

Last updated: 08/14/2019

<https://www.federalreserveconsumerhelp.gov/>



Questions?



Lesley.Mace@atl.frb.org