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

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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

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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.

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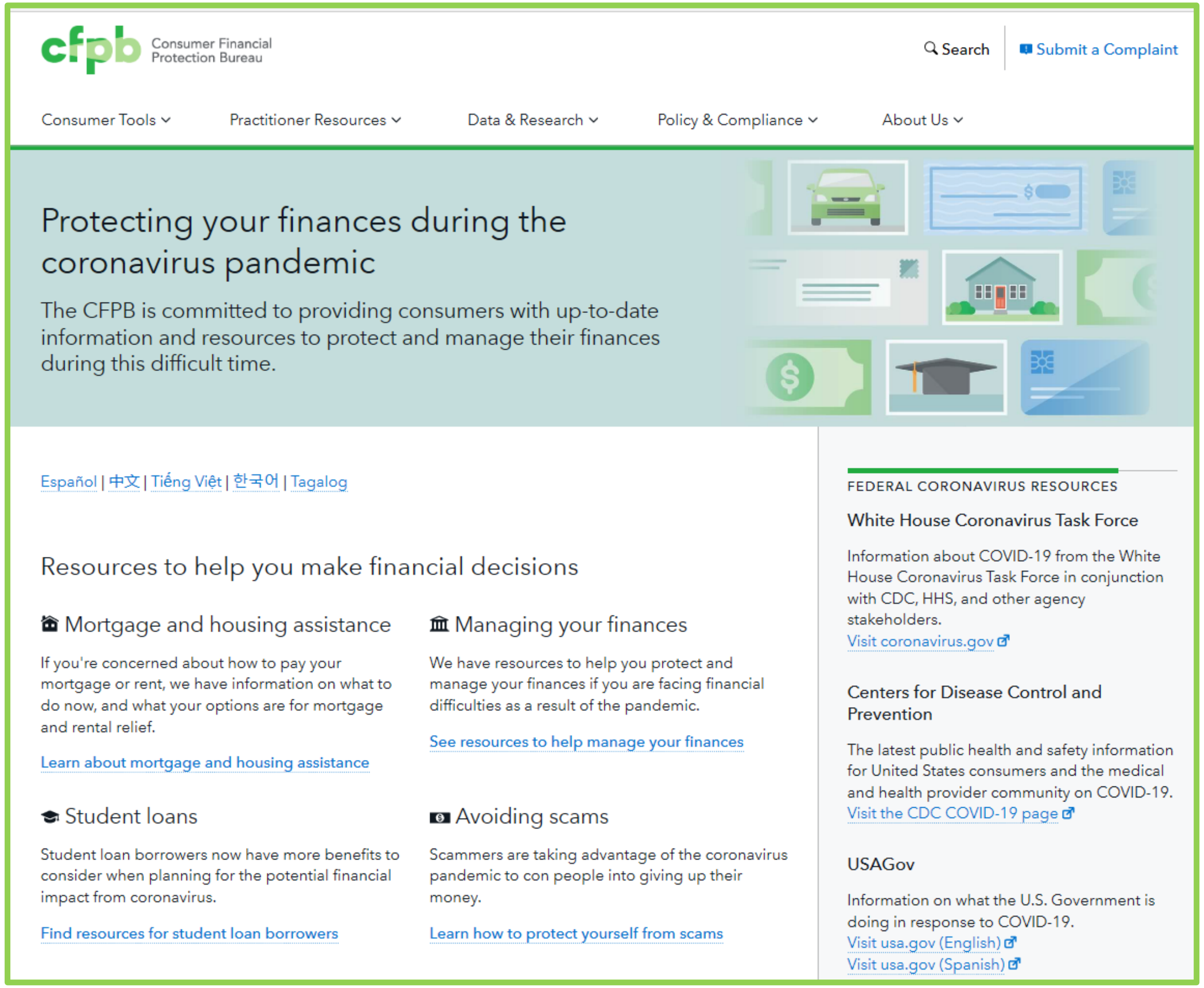
https://www.frbatlanta.org/economy-matters/financial-tips

Consumer Financial Protection Bureau



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.

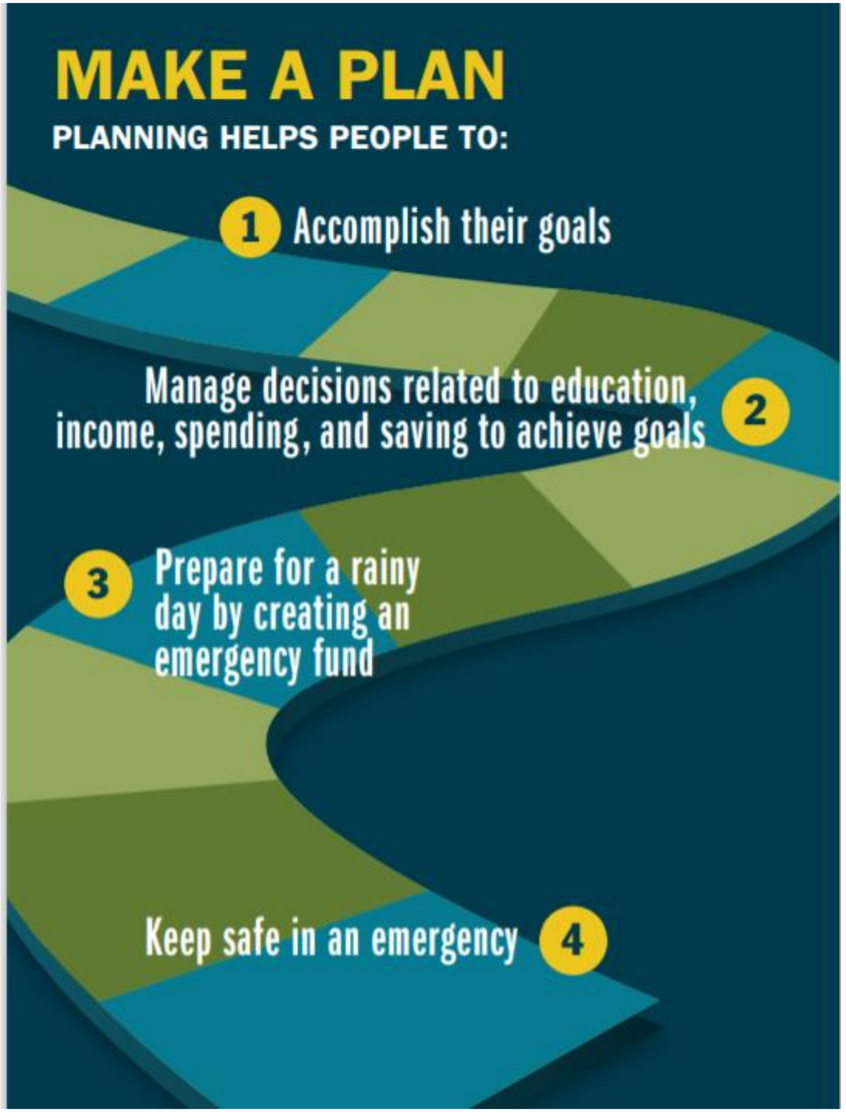
Avoiding Scams

- 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.

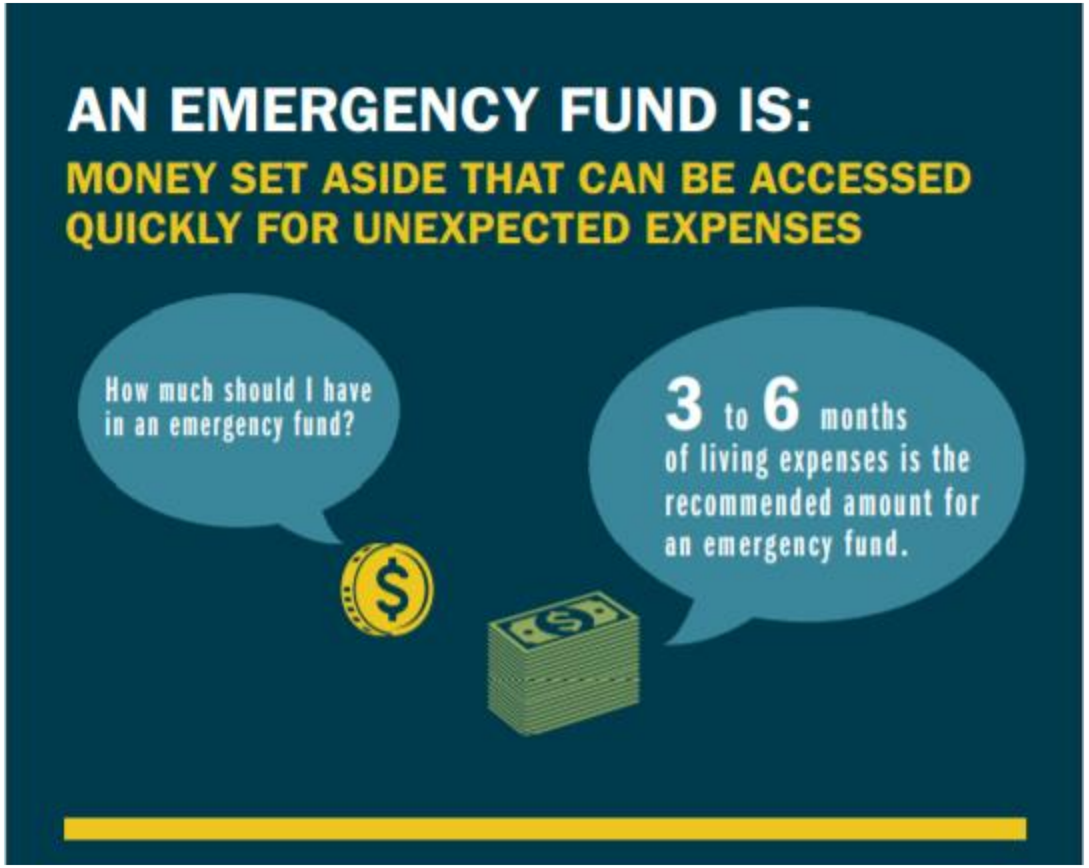
$ **Tip: Protect Your Identity**

- 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

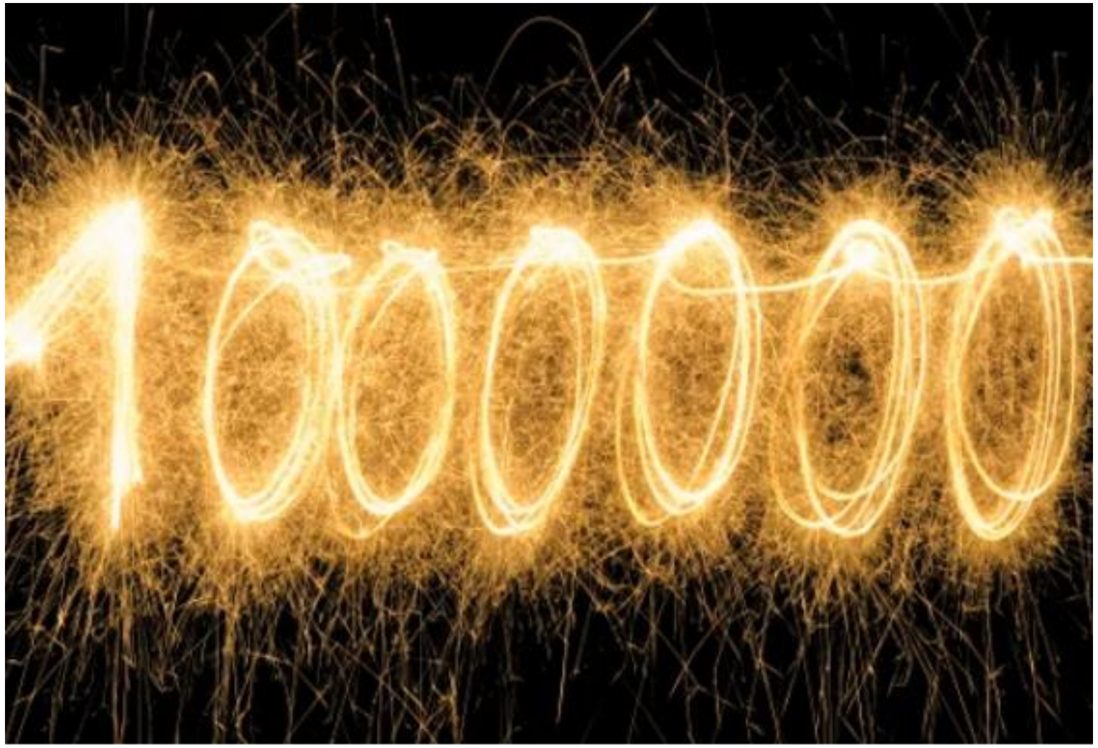


Step One: Emergency Fund



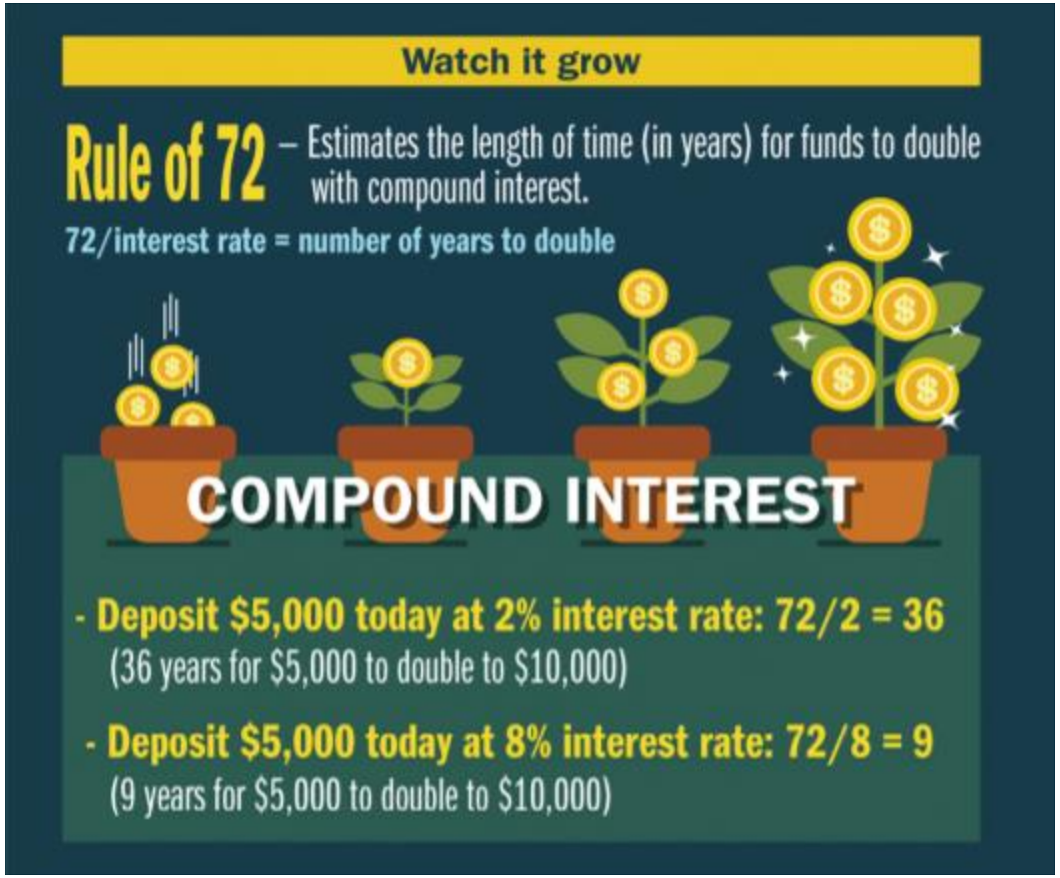
A Budget Tells Your Money Where to Go

Budgeting Tips



Millionaire Game:
https://www.econedlink.org/resources/how-to-become-a-millionaire/

Saving versus Investing



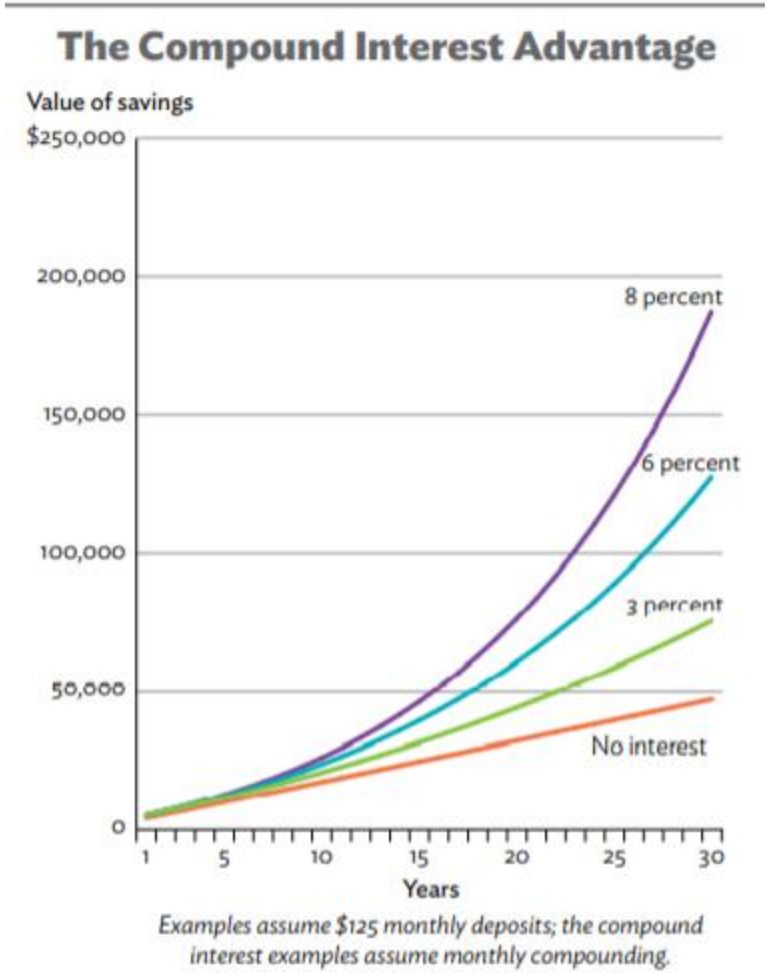
The Magic of Compound Interest

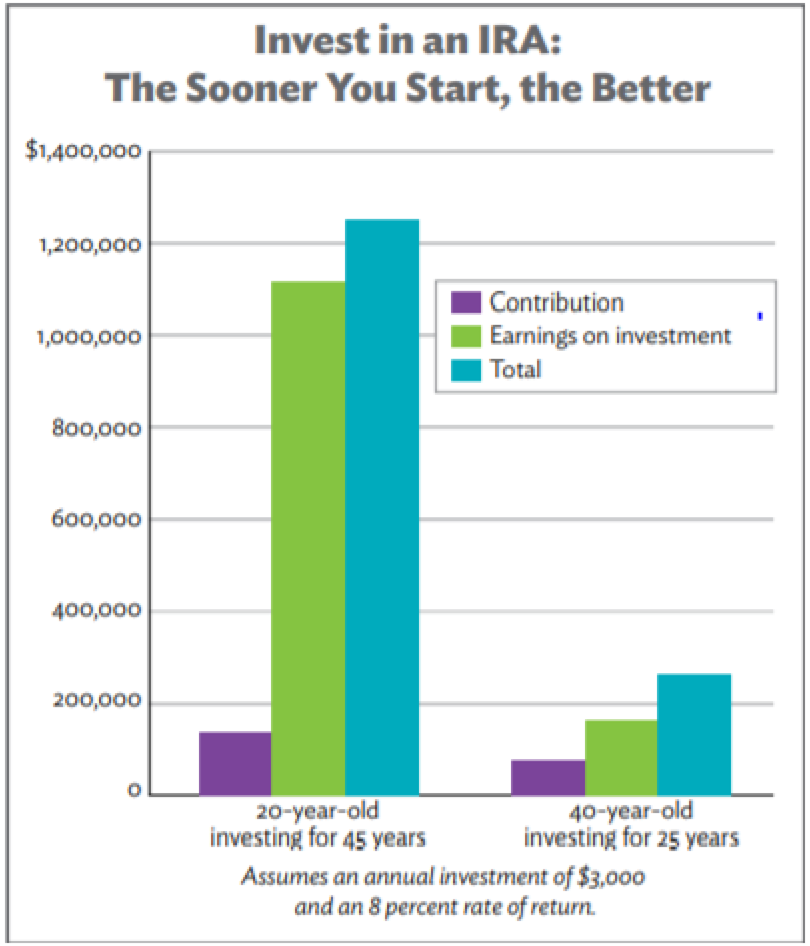
$ Tip: Saving

To help you maintain the discipline to save:

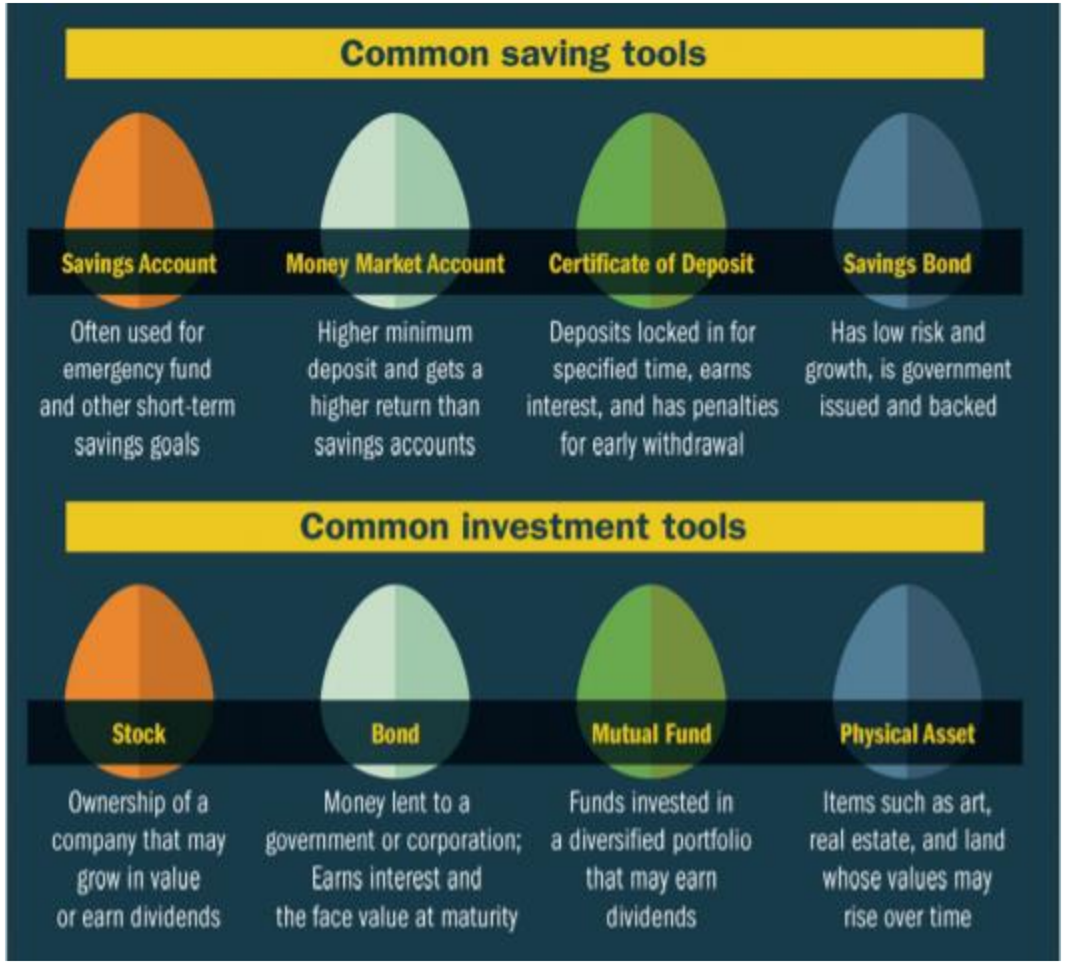
- Save every month.
- Have savings automatically deducted from your paycheck or checking account.
- Base your budget on what's left.

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





Saving and Investment Strategies



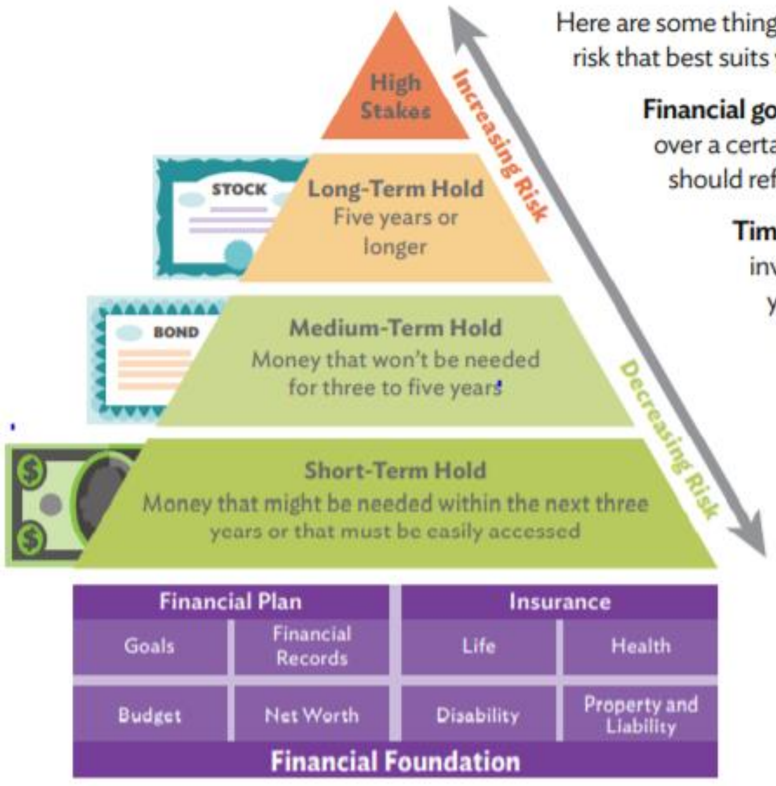
$ Tip: Investing

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

The Investment Pyramid: How Much Risk Do You Want to Take?



Here are some things to think about when determining the amount of risk that best suits you.

Financial goals. How much money do you want to accumulate over a certain period of time? Your investment decisions should reflect your wealth-creation goals.

Time horizon. How long can you leave your money invested? If you will need your money in one year, you may want to take less risk than you would if you won't need your money for 20 years.

Financial risk tolerance. Are you in a financial position to invest in riskier alternatives? You should take less risk if you cannot afford to lose your investment or have its value fall.

Inflation risk. This reflects savings' and investments' sensitivity to the inflation rate. For example, while some investments such as a savings account have no risk of default, there is the risk that inflation will rise above the interest rate on the account. If the account earns 5 percent interest, inflation must remain lower than 5 percent a year for you to realize a profit.

NOTE: Information not intended as specific individual investment advice.

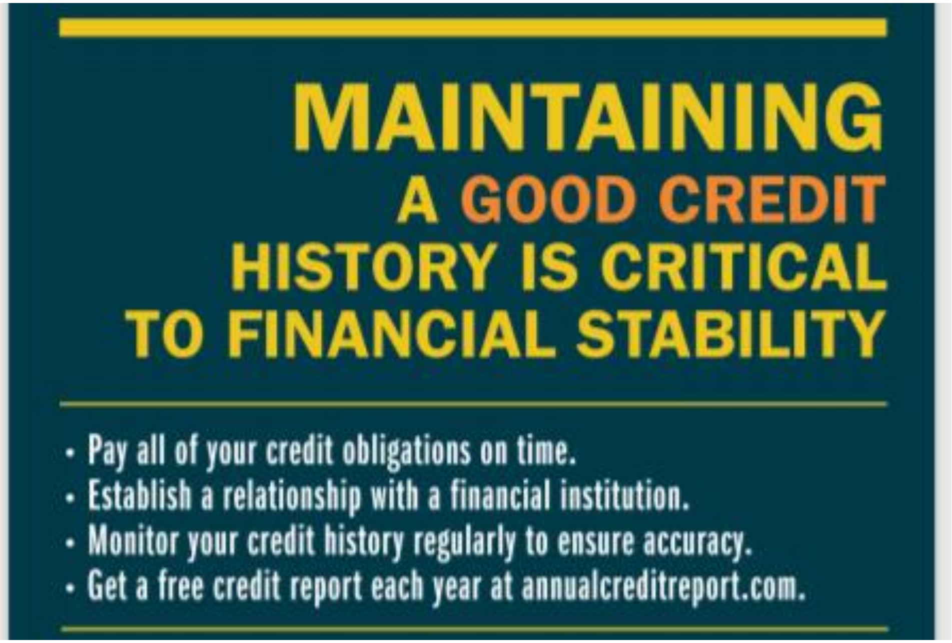
SOURCES: Adapted from National Institute for Consumer Education, Eastern Michigan University; AIG VALIC.

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.
10% Types of credit used
10% New credit
15% Length of credit history
35% Payment history
30% Amount owed
Source: www.myfico.com

Good Credit Saves You Money

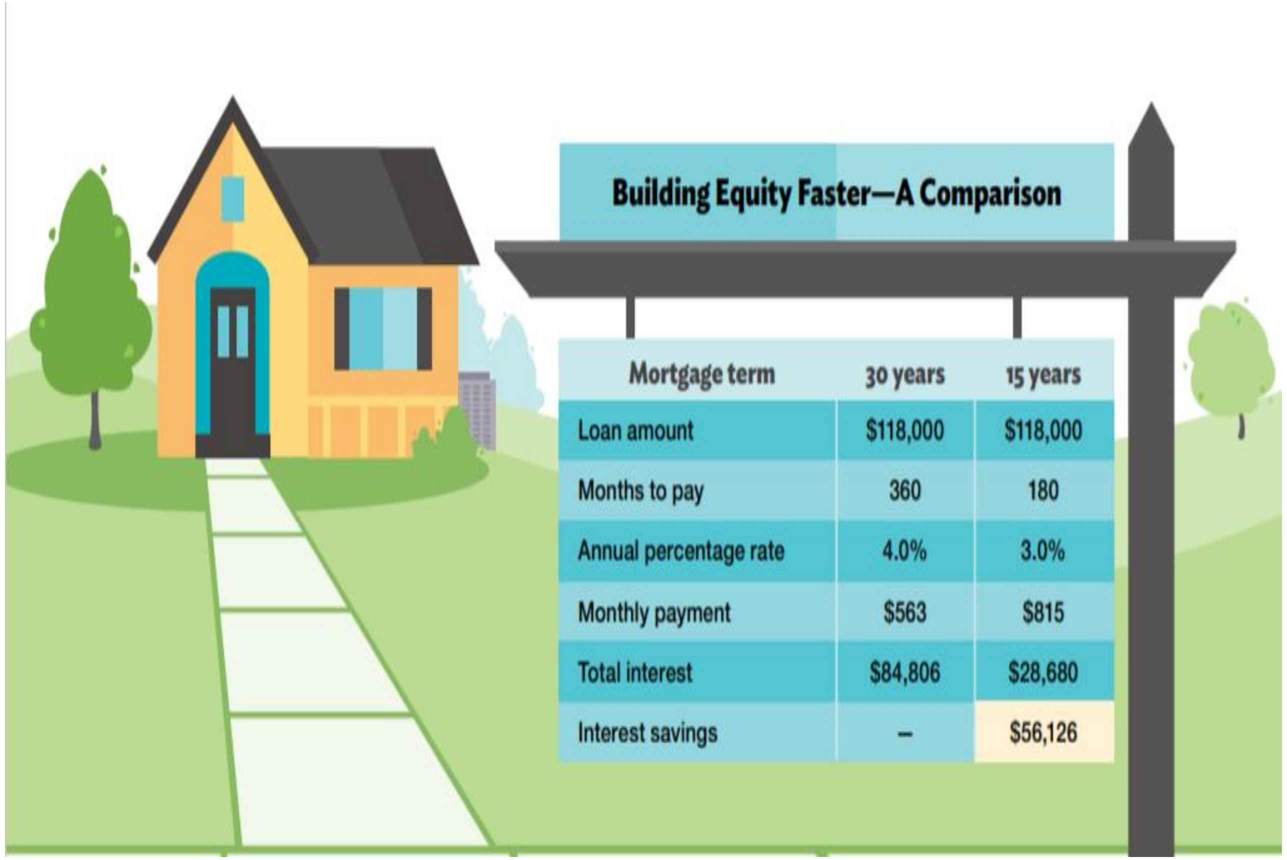
Is a higher score really better? YES

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

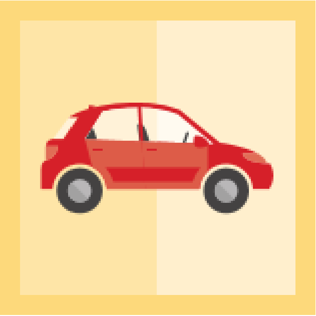
Homeownership



Mortgage term	30 years	15 years
Loan amount	$118,000	$118,000
Months to pay	360	180
Annual percentage rate	4.0%	3.0%
Monthly payment	$563	$815
Total interest	$84,806	$28,680
Interest savings	–	$56,126

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

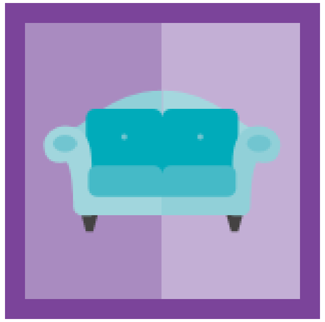
Insurance Protects Your Wealth



$ 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

www.federalreserveeducation.org

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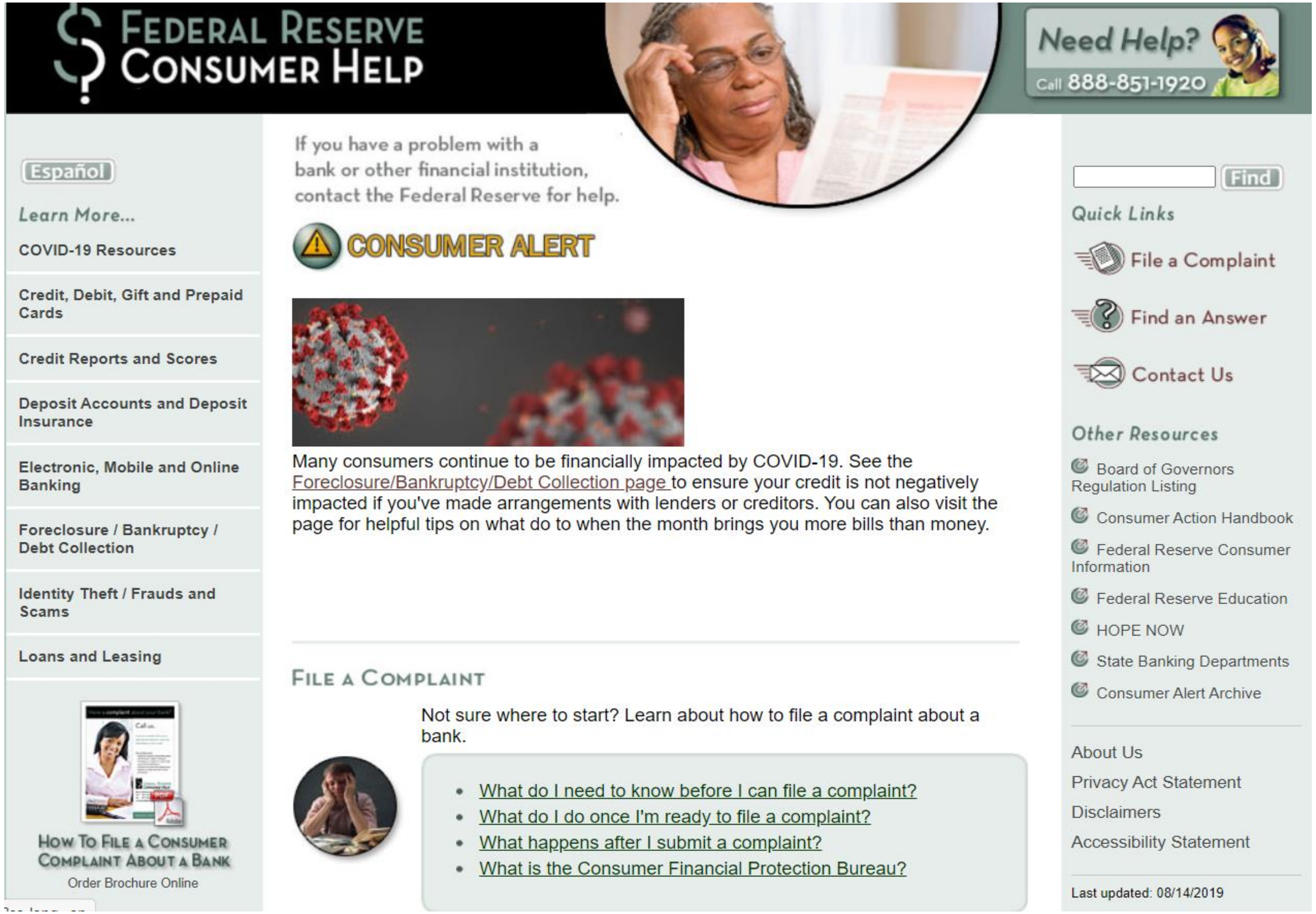
Federal Reserve Consumer Website



https://www.federalreserveconsumerhelp.gov/

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Questions?

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