



# GUIDE TO CORONAVIRUS & MONEY

**There's no one-size-fits-all approach to managing money. Salary Finance is here to cut through the noise, make money simple, and help you improve your financial situation.**

**SALARY  
FINANCE**



# WHO IS SALARY FINANCE AND HOW CAN THIS GUIDE HELP?

SF

At Salary Finance, we're driven by our mission to help employees live financially happier and healthier lives. We do this by providing products and services that help employees across the US pay off their debts, start to save money, and also learn more about their finances.

We recognize that many people will be worried about their money, potentially now more than ever. This may mean people are struggling with financial stress and the impacts on their mental health.

When thinking about your money, here are four steps to take to help you achieve better financial wellness:



## 1. MANAGE DEBT

Step one is to clear any expensive debt you have. Dealing with this makes everything else possible both financially and mentally. If you have expensive debt, consolidating it at a lower rate could put more money back in your pocket and help you to get out of debt quicker. At this time, this could really make a difference to how much money you have at your disposal as well as saving you money in the long-term.



## 2. CUT SPENDING

While currently, we're continuing to deal with the effects of the coronavirus pandemic, this step is about creating resilience for the future. Building the right financial habits can help to protect you from unexpected expenses and changes in circumstances. Can you cut some costs to help build up an emergency fund to give you financial peace of mind?



## 3. GET ORGANIZED

Building an understanding of what you have and where your money is going creates security in the present and provides a foundation to start thinking about the future. We can utilize some of our time social distancing to do the things that we often neglect.



## 4. SET A GOAL

Once the present is secure, we can help people think further ahead to a long-term financial goal such as preparing for retirement. While many of these life goals may be on hold, they won't be forever. So having a goal in mind could help you to take action on steps one, two, and three.

This guide has been structured to reflect these four steps, with a section on each, to help you navigate the information available and work out where to start. While these are unusual and worrying times, when we get through this (and we will!), by implementing some of the hints and tips in this guide, you may be able to reduce your money worries and come out of lockdown with some new - possibly even better - financial habits.

## IF YOU HAVE DEBT, WHAT ARE YOUR OPTIONS?

Millions of people in the US have some form of debt – be it a credit card, a personal loan or an overdraft. If coronavirus has impacted you already and you're worried about your debt, here are some simple steps to try.



### DO YOU HAVE EXPENSIVE EXISTING DEBT?

According to [Nerdwallet](#), the average US household with revolving credit card debt has \$6,849, costing them an average of \$1,162 in annual interest. If you are one of those people, your debt may be costing you more than you realize. Take a look at your credit card and loan interest rates as well as how much you owe.

If you know how much debt you have, and what that debt is costing you, you can prioritize what to pay off – to get out of debt more quickly, you're going to want to pay off the debt with the highest interest rate first. If you have expensive credit card debt and a FICO score of 690 or higher, you might want to look into whether you would benefit from transferring your balance to a 0% balance transfer credit card.

Don't forget, if you have a credit card and only pay off the minimum amount each month, it can take a really long time to get out of debt. If you want to explore refinancing an outstanding loan or determine if paying off your credit card at a lower rate could save you money, [Salary Finance](#) may also be able to help.

### CONCERNED YOU MAY NOT BE ABLE TO AFFORD REPAYMENTS?



If you think you're at risk of missing a payment, defaulting on a bill, becoming delinquent or even struggling with paying your rent, it's important to be proactive: speak to your creditor, lender, landlord – whoever it is! – before you get into trouble with your payments. While it's a daunting task, if this is something that's causing you stress, it needs to be addressed head-on.

To start, visit your lenders' websites and see if they have released any information on their response to COVID-19. If they haven't and you know you're going to struggle to pay a bill, it's best to get ahead of the game and let them know. If you speak to your lender, they will be able to explain the options available to you personally and you can make an informed decision.



## PAYING DOWN DEBT

Perhaps neither of the first two options apply to you. So if you aren't currently struggling to make any payments, it's important to keep these up and not take payment holidays unless you need to.

If you find yourself in a position where you are saving money on some expenses – for example, transportation, if you are working from home – do you have the option of redirecting that money to pay off your debts quicker? The sooner you can pay off your debt, the less you will pay in interest.



## WHERE DO I GO TO FIND OUT MORE?

- If you have high-cost debt and want to explore consolidating, Salary Finance may be able to help. To find out more, [visit our website](#).
- Our nonprofit partner for financial education, United Way, has resources to help you meet your immediate financial needs. Find out more on their [website](#).
- If you are struggling with debt, [the Consumer Financial Protection Bureau \(CFPB\)](#) exists to help you! They have helpful information on different types of debt and debt collection, as well as a Q&A section where you can submit any questions you have.





## WHAT TO DO IF YOU HAVE A DROP IN INCOME

Most of us will be impacted financially in one way or another – be it ourselves or our loved ones. For millions of households across the US, the impact of coronavirus has meant a reduction in work hours or pay, being put on temporary leave (“furlough”), layoffs or job loss.

If your household has experienced a drop in income already, or you want to prepare in case it happens in the future, here are five steps you can take:



### 1. REVIEW YOUR BUDGET

If your household’s income changes, it’s time to review your spending. [United Way](#) has a useful article on budgeting and a downloadable cash flow budget template which could help. The aim is to come up with a budget that only takes into account your absolutely necessary and critical expenses so you can clearly see how much you need to cover. By doing this, you’ll be able to figure out if your reduced income still allows you to cover all of your basic needs, or if you need to consider other options to bring in additional money.



### 2. CUT COSTS WHERE YOU CAN

Part of reviewing your budget is working out what unnecessary costs you could reduce or get rid of entirely – many of us have some sort of subscription we don’t use or need. Read the next section for more tips on how to cut costs.



### 3. TAP INTO GOVERNMENT RELIEF

There’s a lot going on right now and it can be difficult to know where to look for information. To ensure you don’t miss out on any help that you’re eligible for, make sure you review the government guidelines by visiting the [the US Department of the Treasury’s website](#).

Below are the key measures and initiatives that could help you – do any of them apply to you or your loved ones?

- [CARES Act](#): Provides economic impact payments to taxpayers. You can check your payment status on the [IRS website](#).
- [Unemployment Insurance](#): Unemployment benefits are available to eligible workers who became unemployed through no fault of their own and meet other eligibility requirements. Contact [your state’s unemployment insurance program](#) for more information.

- **Student loans:** If you're one of the 43 million people in the US with outstanding federal student loan debt, the CARES Act gives you a six month payment holiday during which you won't have to make payments on your loans, and won't accrue interest.



#### 4. LOOK AT OTHER WAYS TO BRING IN INCOME

As most of us are staying home, it might seem difficult at first to think about ways to bring in extra income right now. However, it could be that there are things about you that you wouldn't even have considered but could help to generate additional income. Is your first language one that is taught in schools? If so, you could look into tutoring online. Translation, proofreading or transcribing are all things that can be done from home. If you or a loved one have a skill you think you could sell to make up a loss in income, you could look at signing up with [Fiverr](#) as a freelancer. When thinking about other ways to bring in income it's also important to think longer-term. Could you use this time to upskill or get any other qualifications that could increase your future earning potential?



#### 5. DON'T BE SO HARD ON YOURSELF

The COVID-19 situation is a lot to take in for all of us. It's okay if you feel like you're going backwards financially right now. We're going through this emergency situation, so while it may mean you need to take advantage of the government help available, tap into your savings, or add to your debt to get through if you don't have any other options, this won't last forever. The important thing is to be prepared and carefully consider and review all options available to you before jumping into anything that could have a long-term impact. If you're making decisions about your finances, think about how you can get back on track when things go back to normal and carefully consider any choices that may make it difficult for you in the long-term.





## CUTTING COSTS: HOW TO MAKE YOUR MONEY GO FURTHER... DURING CORONAVIRUS AND BEYOND

When managing a crisis (be it present or future), making every dollar count is something that could help us all. Here are some tips and tricks that could help you to save money right now.

### MEAL PLANNING



- You may have tried it before and then said ‘I don’t have time to do this’. One of the positives of the current situation is we’re all practicing social distancing, so we have a bit more time for planning! We need to make fewer trips to the grocery store and also want to make sure we’re not wasting food.
- If you’re just starting out with meal planning, do an inventory of your pantry and freezer before you go to the grocery store to make sure you’re not buying anything unnecessarily.
- Maybe there are a few things you’ve not been able to find recently due to coronavirus-related shortages. By planning your meals in advance, you can utilize what you’ve got in your pantry and make large batches to feed the whole family or fill your freezer. If you find that you don’t know how much you need and often buy too much, use this [portion planner](#) to try and avoid eyes that are bigger than your stomach!

### GET CREATIVE IN THE KITCHEN



- After you’ve planned out your meals, it’s time to shop! According to [the Department of Agriculture](#), the average family of four spends around \$890 a month or more on food. For some tips on how to save \$100 or more on that average cost, [check out the recommendations here](#).

### EARN CASH FOR YOUR CLUTTER



- Now’s the perfect time to get rid of clothes you never wear (or those holiday gifts you didn’t really want or need). Use tools like Facebook Marketplace to sell clothes, shoes, accessories, or pretty much anything else, for some quick cash.

- You can also sell old unused technology products like mobile phones, tablets, and laptops. [Here's](#) a list of places to try.
- Some retail stores like [H&M](#) will offer you money, a gift card, or a discount if you bring in the stuff you no longer wear. There are online stores that sell used clothing as well, including [ThredUp](#) and [Tradesy](#).

## UNDERSTAND YOUR SPENDING TRIGGERS

- What makes you spend money? Is it a shopping app on your phone you gravitate to when you're bored and scrolling late at night? Is it that your card details are saved to your web browser or that you shop when you're feeling down? If you're someone who shops when sad or stressed, try to avoid temptation or make it more difficult for yourself to shop impulsively.
- Maybe you can delete an app or two, or remove your card information so that you physically have to move to get your card before you can complete a purchase. By making it less easy to impulse shop online, you may find you're able to save a surprising amount. If you still find you have the urge to splurge, make an agreement with yourself to put it on your wishlist or leave it in the checkout for a day - if you still find yourself thinking about it, maybe it's worth it. If you forget about it after 24 hours, you probably didn't need it in the first place.



If you want to spring clean your finances completely, click here for our [blog post on how to create a spending plan](#). For a detailed view of all costs you could cut, the [Money Saving Expert](#) has a wealth of information (pun intended).







## IS MORTGAGE FORBEARANCE RIGHT FOR YOU?

Since the coronavirus pandemic began, a lot of information has been shared by the government and it can feel like a lot to digest and sort through. So, if you're considering a mortgage forbearance, read the below to help work out if it's the right thing to do.



## WHAT IS A MORTGAGE PAYMENT FORBEARANCE?

A mortgage payment forbearance is an agreement you might be able to make with your lender allowing you to temporarily stop or reduce your monthly mortgage repayments.

In March 2020, federal regulators announced they were requiring major mortgage lenders Fannie Mae and Freddie Mac to offer flexibility for mortgage payments, covering about half of all US home loans, for people impacted by a loss of income.

## AM I ELIGIBLE FOR THIS?

To find out if a forbearance on your mortgage repayment is an option, the first thing to do is get in touch with your lender and explain your situation and circumstances.

Many banks and lenders have set up specific online application forms, FAQs, and helplines for COVID-19 related mortgage repayment forbearance. Lenders have also committed to getting back to mortgage holiday applicants as fast as possible.

## HOW MUCH WILL I HAVE TO PAY BACK AFTER A FORBEARANCE?

If you take a mortgage repayment break, make sure you understand the rules with your specific lender about what you'll owe after the period ends. Your lender will explain the options available for you to do this when agreeing to your personal plan.

There isn't a one-size fits all option for your repayment plan after your mortgage forbearance ends. You and your lender will agree to specific repayment terms based on your individual circumstances. There are a couple of potential scenarios that are important for you to consider:

- The terms of your loan could extend meaning the length of your mortgage would increase
- Your monthly repayments could increase when the mortgage holiday ends

Bear in mind that your lender will continue to charge interest on the amount you owe over your mortgage forbearance, meaning you will pay more interest overall. It's important to ensure that this is clear when you agree to new terms with your lender to ensure that it will not negatively impact you financially in the long run.

If you can afford to continue your mortgage payments at the moment, then it may be a better choice to continue with it rather than taking advantage of this mortgage forbearance, as it will cost you more to repay your debt over a longer period of time and will mean you pay more in interest.

## WILL THIS HAVE A NEGATIVE IMPACT ON MY CREDIT SCORE?

Your loan servicer must continue to report your mortgage as "current" to credit reporting bureaus, so taking a forbearance should not negatively impact your credit score.

## I'M ALREADY BEHIND ON MY MORTGAGE REPAYMENTS, CAN I STILL GET A FORBEARANCE?

This will depend on your lender and it is something you will need to check. Most banks will give you access to a repayment holiday (if you have been affected by COVID-19), even if you are currently behind on your repayments. However, some lenders may require you to be up-to-date with your mortgage payments to be eligible. Please contact your lender to discuss your options.

## HOW DO I KNOW IF THIS IS THE RIGHT OPTION FOR ME?

A mortgage forbearance could help relieve some of the immediate financial pressure that you may be under because of coronavirus. It will be one less outgoing expense for you to worry about, which could help you during this difficult period.

It's important to keep in mind that the terms of your mortgage repayments will change once the forbearance is over. You should carefully consider what the impact will be on your day-to-day finances in the longer term.

**For example:**

- Is the disruption to your finances temporary and will you be able to manage potentially higher mortgage repayments once things get better?
- If your mortgage repayments increased, could you reduce your outgoing spending over the next few months?
- Do you have other debts you need to consider?

A mortgage forbearance could give you some financial headspace and help you get through this uncertain period, however, depending on what you agree on with your lender it's important to ensure that it will help you long term.



## NEGOTIATION 101

When it comes to money, knowing how to negotiate is a useful skill. Whether you need to negotiate with one of your utility providers because the price of your bill has gone up, or you're facing financial difficulties and need to speak to your lender about repayment options, the following tips should help you feel a little more in control.



### 1. START WITH THE RIGHT MINDSET

Most of us find negotiating scary or intimidating and approach it with a negative mindset. This can be due to a number of different factors, from perceiving finances as 'taboo', to money being a source of stress for many people. It's true that money can be complex and overwhelming, but talking about it doesn't have to be. If you go into the conversation with a positive mindset and clarity over the outcomes you wish to achieve, it's likely that it won't be as draining as you thought it would be.



### 2. DO YOUR RESEARCH AND KNOW YOUR FACTS

The person who has the most information has the most power. Effective money conversations are always grounded in facts. Make a conscious effort to gather all the background information and documents you think you'll need to be able to answer any questions thrown your way and get the most out of your conversation.



### 3. PREPARE AND PRACTICE

Practice out loud! You've already thought a lot about how you want the conversation to go and you're prepared with the right information, so think about the best way to bring this all together and have a conversation with yourself. The more scenarios you prepare for, the less chance you'll get caught off guard.



### 3. REACH A FAIR OUTCOME

Remember that what is good for you needs to also be good for the person you're negotiating with. For example, lenders want individuals to stay active, motivated members of society but also need to agree to terms that will see them get their money back and keep their own businesses running. During this crisis, it will prove mutually beneficial to make sure you agree to an outcome that gives you flexibility to deal with these unprecedented times but also gives lenders longer-term confidence.

If you want to learn more about negotiating, you can watch a webinar we ran earlier this year [here](#).

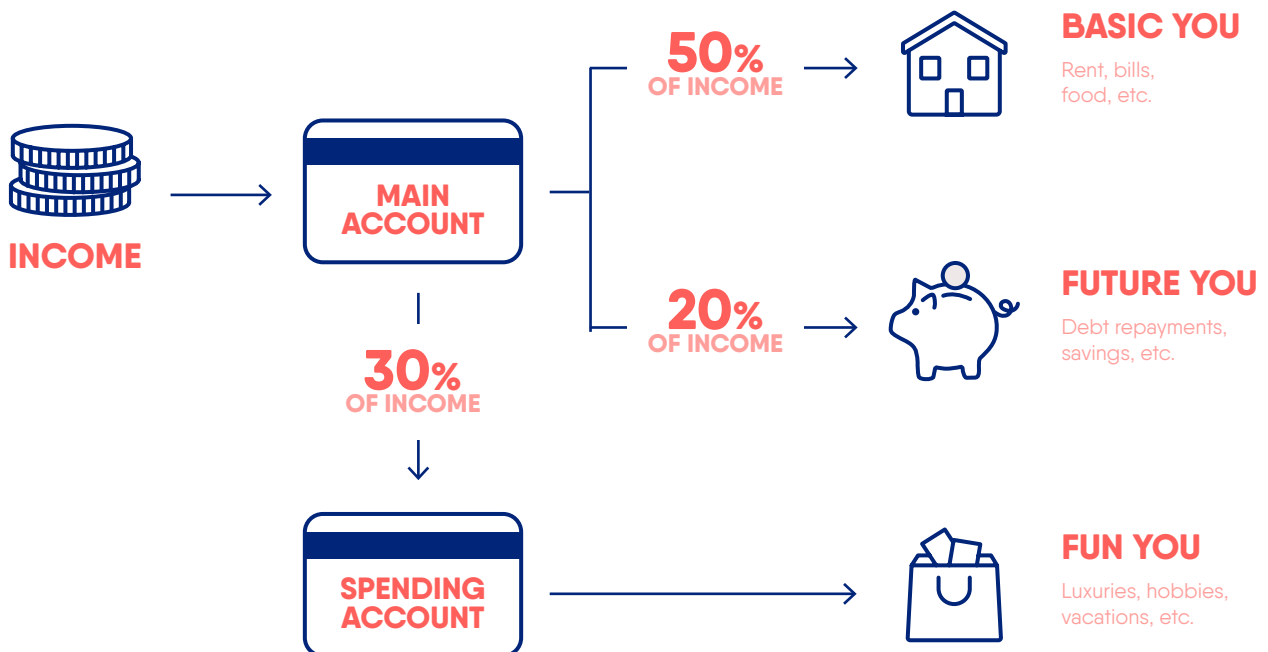


## COULD YOU BE SPENDING SMARTER?

While we all try to adjust to a new way of living and working while staying at home, is now an opportunity to think about where your money is going?

If you're finding you have more time at home - or the pandemic situation is making you think more about your money - taking the time to look at your spending may be a good thing to do. A big part of getting organized is thinking about the future and life after this crisis and thinking about your money and where it goes could help you to put a plan in place for when lockdown is lifted.

### Introducing the Smart Spending System:



### There are elements to the Smart Spending System:

- Basic You (bills, rent, food, transport)
- Future You (savings, retirement, investments)
- Fun You (your passions, hobbies, and treats)

It's very easy to overspend in some of these areas and under-spend in others, especially when life gets in the way. To get the most out of the Smart Spending System, you decide before you get paid, where you want your money to go between the three Yous: How much you allocate to each 'You' will depend on your personal circumstances and priorities but as a rough guide aim for:

- Around 50% to Basic You,
- Around 20% to Future You
- And around 30% to Fun You.



You might feel like it's unrealistic to even start thinking about your "Fun You" right now, as we are a bit restricted with what we can do and most of us are focusing on cutting costs. But if you think of this as your future 'Fun You', you could get to a place where you have a little bit of money set aside for some of the things you are currently missing, and can treat yourself guilt-free once things go back to normal.

To do this, you could consider opening a second bank account, maybe through easy-to-use apps like [Digit](#) or [Acorns](#) for your 'Future Fun You' so you can set aside this money from your other incomings and outgoings.

With a little planning and preparation now, as restrictions are lifted, we'll have some new spending habits and can feel less guilty about spending on the things that make us happy.





### HOW MUCH DO YOU NEED FOR A RAINY DAY?

There's no 'one size fits all' solution to managing money better. But, like many things in life, preparation is key.

If you or your loved ones are spending less at the moment, could this be an opportunity to think about saving for the future? If you are implementing any cost-cutting initiatives or could redirect some of your expenses that are lower at the moment, you may be able to kickstart building an emergency fund.

It's important to note that this may not be a step that is right for you at the moment, and if that's the case, that's okay, too. If you're worried about money and the impacts the pandemic may have on your life, thinking about a rainy day fund may feel overwhelming or unrealistic. If that's the case, focus instead on getting through this period of uncertainty and keep this as a reference for the future.

When you're ready to think about building up an emergency fund, here's a quick guide on the steps you can take:



## SET A TARGET

To get yourself started with building an emergency fund, you should set yourself a target amount of savings. Many financial experts recommend starting with \$1,000 as a goal, to avoid taking on debt due to an emergency.

To assess how much you specifically need to protect yourself, you need to work out how much you need to get by. This needs to include:



- **HOUSING EXPENSES**

Your emergency fund should include enough to cover your rent or mortgage, property taxes, insurance, and bills. Protecting the value and integrity of your home is of utmost importance, so it's also a good idea to also include savings for emergency home repairs.



- **FOOD**

Estimate your monthly food expenses and include that in your emergency fund savings. Assume you'll cut back on eating out and non-essentials when you plan for this - in an emergency situation, you'll need to live on less.



- **INSURANCE**

Factor in the monthly cost for health, dental, disability, or life insurance policies you may have.



- **DEBT REPAYMENT**

Plan for payments on credit cards and other debt in order to protect your credit score. Try to take steps now to get out of debt to avoid the stress of dealing with these expenses if you find yourself facing a financial challenge.



- **CHILDCARE EXPENSES**

Anything related to your children, if you have any. Things that are already committed, such as daycare tuition, need to be factored in.



- **TRANSPORTATION**

If you have a car, your emergency savings should cover necessary costs such as any car loans and insurance, as well as gas and repairs.



- **PERSONAL EXPENSES**

Costs related to toiletries, haircuts, and clothing may seem inexpensive but can add up. Remember to include those items when figuring out how much you need to put aside for an emergency fund.



It's easier said than done, but an ideal situation would be to work towards having an emergency fund that could keep you going for at least 3 months should you find yourself out of work or unable to work.

## **TRANSLATE THE TARGET INTO A PLAN**

Once you've worked out how much you need for an emergency fund, the next step is to set up a savings plan to work toward your goal. Decide on a specific monthly savings goal and devote a percentage of your pay (each week/month) to savings.

## **MAKE IT EASY & AVOID TEMPTATIONS**

To avoid any temptation to dip into your emergency fund, it's a good idea to 'pay yourself first' through a salary deduction into a designated savings account. By saving directly from your salary, you're able to build your emergency fund without the hassle and without feeling the loss of transferring some of your pay out of your account straight away.

## **EXTRA INCOME**

If you become an expert at cutting costs and/or find a way to get some extra cash through a side gig, although it might be so tempting to spend that additional money, make sure you put some or all of it into your emergency savings account - your future self will thank you for it when you're faced with your next unexpected situation!





When thinking about setting financial goals, many of them relate to big life events - buying a home, having a family, building retirement savings, or taking that trip of a lifetime.

Unfortunately, many of those things feel out of reach or are on hold right now, but that won't always be the case.

So right now, maybe you can set a goal that is more actionable and instant. In the current situation, implementing some of the tips from this guide and looking at addressing the first three steps could set you up to really work out what step four means to you.

**So what steps can you take right now?**



### 1. MANAGE DEBT

How can you pay your debt off quicker?



### 2. BUILD RESILIENCE

How can you deal with the current situation and protect yourself from future shocks?



### 3. GET ORGANIZED

What can you start doing differently to set you up for success?

Then, when life goes back to normal, you may find you're in a better position financially and mentally to make your long-term goals a reality.





## SUPPORT WITH EVERY STEP

There's a lot of information out there right now, so to help you navigate each step, here are some useful links and resources. These are intended to provide some key information but do not cover everything that's out there, and things are changing all the time -- so do make sure to also do your own research.

### Coronavirus Resources:



#### CFPB

The Consumer Financial Protection Bureau has dedicated a new section of its website to coronavirus specific financial resources.

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



#### USA.GOV

This site aggregates links to the most up-to-date information about the pandemic, the government response, and support you may be eligible for.

<https://usa.gov/coronavirus>



#### AP FACT CHECK

Fact-checking of popular news stories from the Associated Press, including a weekly roundup of the most popular but untrue stories / visuals.

<https://apnews.com/APFactCheck>



#### FEDERAL TRADE COMMISSION

This section of the FTC's website includes practical tips on how to avoid coronavirus-related scams and up-to-date coverage on common ones.

<https://www.ftc.gov/coronavirus/scams-consumer-advice>

### Travel Resources:



#### CENTERS FOR DISEASE CONTROL AND PREVENTION

The CDC's website includes sections on travel within the US, returning from international travel, and health notices.

<https://www.cdc.gov/coronavirus/2019-ncov/travelers/index.html>



#### KAYAK

Kayak's website has an up-to-date state-to-state travel restriction map that includes all stay-at-home orders and dates.

<https://www.kayak.com/travel-restrictions/united-states/>

## Managing Debt Resources:



### UNITED WAY

Our partner United Way has a helpful resource that includes options for dealing with debt you cannot afford.

<https://www.unitedway.org/my-smart-money/immediate-needs/i-have-too-much-debt/options-for-dealing-with-debt-you-cannot-afford>



### OPERATION HOPE

This nonprofit organization has over 100 locations around the country where you can get help with your debt or money issues.

<https://operationhope.org/map/>

## Mortgage Forbearance: How to Contact Lenders

Homeowners who have mortgages backed by government-controlled mortgage companies Fannie Mae and Freddie Mac are able to defer their mortgage payments.



### FANNIE MAE LOAN LOOK-UP TOOL

<https://www.knowyouroptions.com/loanlookup>



### FREDDIE MAC LOAN LOOK-UP TOOL

<https://ww3.freddiemac.com/loanlookup/>

**SALARY  
FINANCE**

© 2020 Salary Finance Inc. All rights reserved. Salary Finance Inc. is part of Blenheim Chalcot and invested in by Legal & General.  
Salary Finance branded loan products are offered by Axos Bank®, Member FDIC. All loans offered are subject to eligibility,  
underwriting and approval. Terms and conditions apply. Salary Finance Inc NMLS #1750487. NMLS Consumer Access. Registered US  
address: 77 Sleeper Street, Boston, MA 02210