

March 31, 2020

6 Tips For Financing Through A Quarantine Or Furlough



David Kudla *Forbes* Contributor

Retirement

I write about investing, retirement, & workplace savings plans.

Due to the recent coronavirus outbreak, companies all across the country are reducing the hours of their employees, or even instituting temporary furloughs, to help prevent the spread of the virus. While the conditions and severity of the reduction of hours may vary, they all generally involve a temporary reduction or suspension of employee wages. In this article we will highlight some great tips for people to use during their downtime in quarantine to re-evaluate their situation and repurpose themselves to come out thriving.

Filing for unemployment or other sick leave benefits

If eligible, it is imperative that you begin the unemployment process to help replenish some of your lost wages as soon as possible. To find the latest information, visit the [Department of Labor's Website](#) and select "Unemployment Insurance". You can also contact your state unemployment agency when you apply for more information on specific benefits that may apply to you. For more information available to each state please visit [this link](#).

Create, re-evaluate, and amend your budget. If you don't already have a budget, now would be a great time to start one. When building or modifying your budget, make sure to list your necessities separate from your luxury items. Categorize every expense for the last twelve months and prioritize them based on importance. After shelter, utilities, and insurance, look for redundancies and areas to optimize.

Cut back on discretionary spending. During quarantine you may find that you have already reduced areas such as dining or entertainment. However, there are other discretionary spending areas that can be reassessed during this time such as your cable/phone bill, monthly subscription packages, and gym memberships. Another good use for your downtime is to become more diligent with using coupons and seeking out the best deals possible for some of your necessities.

Evaluate your monthly bills. If you are starting to fall behind or believe that you may have trouble making your payments, be proactive and contact your creditors to potentially work out a lower payment arrangement on a temporary basis. This can help prevent you from becoming too indebted and potentially having to file for bankruptcy.

Stay insured. Even though you may be suffering through some financial hardship, a pandemic is not the time to let your health insurance lapse. If you were covered by health insurance at work, you will likely be able to continue with your coverage under COBRA. This will now be at your own expense and at 102% of the entire premium, however you may the Affordable Care Act can be a cheaper alternative and is income based.

March 31, 2020

Try and preserve your retirement savings. Since the pandemic started, the government has relaxed its rules on tapping into retirement accounts allowing for penalty free distributions. This should still be viewed as a last resort type of option. While the distributions will be penalty free, you will still be on the hook for any Federal and state income tax consequences. There are also other long term consequences that should be taken into consideration for taking retirement distributions. Often times you will have to liquidate your investment positions to receive the funds, and any temporary lost in their value will be locked in and never have a chance to recover.

The pandemic has certainly caused many short term discomforts, however with a little extra planning and due diligence, you can persevere through this tough time and come out of it with greater financial health.

This document is for educational and informational purposes only and does not constitute an advertisement or solicitation of any securities or investment services provided Mainstay Capital Management, LLC ("MCM"). This document should not be construed as investment, tax, or legal advice, or a solicitation, or a recommendation to engage in any specific strategy. MCM is an independent investment adviser registered with U.S. Securities and Exchange Commission. MCM specializes in workplace savings plan portfolio management and retirement planning advice for active employees and retirees. This document was prepared by MCM primarily based on data collected and analyzed by MCM. The opinions expressed herein are those of MCM alone and are for background purposes only. MCM does not purport the analysis to be full or complete or to constitute investment advice and should not be relied on. In addition, certain information contained herein or utilized to draw the conclusions contained herein has been provided by, or obtained from, third party sources. While MCM believes that such sources are reliable, it cannot guarantee the accuracy of any such information and does not represent that such information is accurate or complete. All materials and information are provided "as is" without any express or implied warranties by MCM. MCM charges its fee based on a percentage of assets under management, which creates an incentive and conflict of interest to increase assets in that account. Furthermore, MCM has two different fee schedules, and therefore has a conflict of interest when assets or accounts move from the lower fee schedule to the higher fee schedule. Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance. Consult your financial professional before making any investment decision. Please see MCM's Form ADV Part 2A and Form CRS for additional information.