- ♪ So here we go again ♪ ♪ Here we go ♪

- [Host] 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 everyone to this week's webinar Budgeting When Income is Uncertain. And as you've probably seen, yes, these last couple of weeks have been challenging, they've been super unpredictable, but we're hoping that today we do give you some value with some tips and nuggets that can help you at least to get you through this next upcoming week. I'm joined by my amazing colleagues this week. I have Tiffany Willis and Tess Filice on the line with me. And before I get started, I just wanna introduce myself really quickly. My name is Vivian Perez and I'm actually one of the money coaches with MSA. Been in the field for about 10 years now and I'm a certified financial educator and credit counselor, licensed professional. And I really love doing this work because ultimately I love seeing that process of getting from where you are to ideally where you wanna be. And so in joining me, like I mentioned, we have Tess and Tess is gonna be joining us on the Q&A portion. But Tess are you on?

- [Tess] Yes I am. Hello and good morning. My name is Tess Felice. I am one of the money coaches with My Secure Advantage. Been here over 18 years now. I'm a certified financial educator, certified tax preparer as well. My background is in banking, investments, retirement and property and casualty insurance. So I pretty much cover most financial topics and I hope one day I get to talk to you so make that appointment at a later time with a money coach. And we have our next presenter Tiffany Willis. I will join you by the way, during the question and answers for taxes if you have any. And so on to you Tiffany.

- [Tiffany] Thank you so much Tess. Good to see both of you once again for another week. I love presenting with the both of you. My name is Tiffany Willis and I'm a financial wellness specialist with MSA, former money coach. I began my career in the financial industry and the federal funds market in 2001 doing trades and then I taught economics and personal finance for 11 years. Now my job is to tour the Southeastern region of the United States and give classes on our subjects through My Secure Advantage. I hope that one day this quarantine is over and I can come and meet some of you personally. But in the meantime, like Tess mentioned, you do have a wonderful benefit and access to the money coaches. And like I said, Tess is a Jack of all trades. Vivian and I were cubicle mates when we were in California and I love to hear her talk about budgeting, so I am so excited to present to you today's webinar. A couple of just minor housekeeping items before we get started. If you have a question, please feel free to type your question in the questions box during this webinar. We're going to spend hopefully the last 30 minutes going ahead and answering those questions. Please feel free to submit tax questions and budgeting questions and we'll answer those. As you can see, to preserve the quality of the audio, we have decided to turn off our webcams. We'll come back on at the end of this webinar, but don't be afraid we're still here. If you have missed any part of this webinar, we will make sure that you get a recording of the webinar so you will be able to hear that and listen to that at your leisure anytime that you like. And you should get that within the next 24 hours. And the last thing, it's so important that you let us know what you think. We take all of your opinions and we create the next week's webinar based off of what you told us you wanted. And specifically this webinar is created from that. So as the box is closing for the webinar, you will receive a survey and that survey will ask you what you thought and ask you any of the opinions you want to give. Please feel free to do that. Like I said, we'll be taking that information and using that for next week's content and we'll be doing webinars for the continuation of the month of May. So your opinion is very important to us. I'll give it back to Vivian to walk us through the agenda.

- [Vivian] Thank you Tiffany. In today's agenda we're actually gonna do a case study and in that case study we're gonna break down just what it looks like to budget and to meet the current and longterm goals. We're gonna talk about what some of those financial goals that are available for that particular case study as far as funding emergency savings and other priorities. We're gonna talk about some debt management strategies as well, current options that you can have. And lastly, we're gonna talk about putting together an action plan, basically next steps to help you to get through your current situation. And so in the budgeting, we're gonna talk about this case study like I mentioned. We're gonna call them the Joneses. But right now, budgets are pretty much what people are really looking at because of the change of dynamics of their finances. So we're gonna talk about this particular case study, this couple, this is the situation. So basically they're a married couple, they have two kids and one of the spouses is still working, but the other spouse actually got laid off. We've actually heard a lot of these examples over the last couple of weeks. So we chose this particular case study because it's been a popular one. But in their debt what they have is they have credit card debt, student loan debt, two car payments, but they have a couple of financial goals, one of which is to build an emergency fund and then the other one is to continue to fund their retirement savings. And so in looking at the budget and what that actually looks like, you're looking at your income versus your expenses. Last week, if you caught the conversation, we talked about a no frills budget, just very kind of skin and bones. And that is more for people that have felt a significant drop in their finances, where they really need to focus on the necessities. Now in this example, because they have the two incomes still, even though one is unemployment, but they still have a good amount of monthly income that they can handle their expenses. But the biggest thing to really be mindful of is that unemployment lasts but so many weeks in addition to that extra 600 that unemployment is offering to the cares act is only for about 13 weeks. So it's ultimately thinking like how much can I maximize this income over the next upcoming weeks? And so if you look at the income versus the expenses here, we have your typical household expenses, your necessities, and then some variable expenses. But you still see that there is some money leftover. There's a surplus of $580. So we're gonna talk about like what are some options that you can break down this surplus to utilize that money to take care of expenses or additional debt in addition to financial goals. But ultimately, you wanna take a look at your budget and think about is this my steady salary that I'm gonna have for the next upcoming weeks? Is it that I have unemployment just for a few weeks? And just how to maximize because that ultimately then defines what your actual financial goals will be. And so in this piece, in looking at the example and going into the next slide, we're gonna talk about just these financial goals and ultimately what is it Tiffany that we can do with that $580 that's leftover.

- [Tiffany] Awesome, thank you so much Vivian. And the idea here is that with this surplus it's all about strategy. We're fortunate that this couple, the Joneses, they've got a surplus and that's what a lot of you wanted us to talk about in this webinar. But do know, that if you don't have a surplus in your budget and you are just trying to pay the bills, feel free to do either one of two things, call and make an appointment, talk with one of our money coaches 'cause we have a lot of them that can give you some tips and some programs that you may qualify for. And also we've done past webinars every week since April 3rd in which we talk about the various programs and tips and like Vivian mentioned, a no frills budget last week. That's all on our My Secure Advantage website. So please feel free to utilize those. Now for this couple, we wanna think about like Vivian said, what do they do with the $580? And what's the strategy here? One thing, one of our colleagues, and we all know who... I'm sorry, back one slide. One of our colleagues says is we wanna give every dollar a job. So how are we going to allocate this $580? And first things first, we want to make sure we establish emergency savings. If you remember from that budget, there was nothing in emergency savings. So the first thing that we want to do is figure out how do we allocate for their emergency savings. So we've got the budget that Vivian went over, we've established how much they have in a surplus, we've assessed their cashflow, and we're going to determine a monthly target. Now, that monthly target we're going to mention coming up here. But this is just a process of how you would go about it in the case of your own budget. Use your budget, assess your cashflow, determine how much you wanna put in savings, and then last, how are you going to put it into savings? Are you gonna make automatic contributions? This couple may have a bit of a tough time as we're hearing from people that file unemployment. It's not an easy process and the money isn't coming immediately. So maybe they may decide to make biweekly or monthly contributions. But consistency is key in step C. How consistent are they going to be putting away that target amount? Now, given that they've got some other priorities, as we mentioned before, we want to increase savings. So of that $580 surplus, we've got $400 going towards emergency savings each month. Now, why is that so important? Well, remember we've got one spouse that is unemployed now and we don't know what their employment could be after this quarantine is over. And somethings to ask is do they go back to their same income? Do they go back to their same job even? So we wanna put a majority of that into emergency savings for that reason so that they can build that up and they can use it as a reserve should the situation change when employment becomes available. You wanna make sure you research competitive rates for savings accounts and as always, make sure that you've got FDIC insurance. For retirement for this couple, since they do have a surplus they may wanna think about, and these are just things to think about, the increasing contributions for the working spouse for their retirement plan. Or they could start an IRA if they wanted to and put contributions in there. For now, we have kind of held that constant for this example because we wanna focus on their savings and their debt. For the extra $100 here they have two children and one thing we've always heard as coaches from our parents is that I want to save for my child's college education. So with that, we put $100 towards their saving for their children's education. Now first things first, when it comes to saving for college education is run a college cost calculator. I like the calculator on savingforcollege.com. And the reason I like that calculator is because it allows you to manipulate different variables. It allows you to say, well, what if my child goes to private school versus state school? What if I don't want to fund 100% of my child's education, I only want to fund 60%? It allows you to manipulate the variables so that you can see how much you need to save on a monthly basis. In this case, we just wanna start them out and saving $100 a month. So we've got $500 allocated here of the surplus for their savings priorities. And Vivian is gonna walk us through that extra $80.

- [Vivian] And the thing is that $80, it may sound like, you know what, that's not a lot of money, but depending on the strategy, it can really do magic. But ultimately debt is definitely a concern that a lot of Americans are dealing with right now between the car payments, the mortgage, different payments that people are paying consistently. And depending on the creditors, I mean ultimately like we talked about before, if you're in a position where your income is limited, then you wanna reach out to your lenders. You wanna talk to them and see what kind of programs that they have 'cause every company is different. I've heard from personal friends where some credit cards just are allowing them to not make any payments. Almost kind of like instead of having a minimum payment that there's just no payment that they need to pay. I've heard pretty much that they've lowered interest rates, not so much so around deferring payments, but again, it really depends on the credit card company. So I would talk to those lenders, credit card companies, see what it is that they can offer if your income is limited. But in this case, because of that surplus and that extra $80, let's talk about a couple of strategies. So strategy number one is the snowball method that I'm gonna talk about a little bit more in a second. But I wanna distinguish the difference because a lot of times people call in and they get confused about which one is better or which one is right, whether it's the snowball method or the debt stacking, because they're very similar as far as strategy, which is to basically attack one card at a time. But ultimately, the snowball method is when you're attacking the smallest balance first. And the debt stacking is when you're attacking the highest interest first. And what happens is that with the snowball method, when you have multiple balances and they're different amounts, then a snowball method would be better in that case. But if you have multiple cards but they're all around the same balance, debt stacking is best because now you're looking at which one has the highest interest. So in this particular example, remember from the budget we were talking about $350 that were going to debt, and what we have here is from three different credit cards. The balances overall is $8,750 and before what they were doing, they were just paying the minimum payment. So not realizing they actually were paying a lot in interest and it's gonna take a lot of time to pay that off if you're just doing the minimum payment. As you see here in the before, it'll take about 10 years and eight months. So look at what $80 what that could do ultimately in this new strategy of a snowball method. So what we're doing is we're looking at the smallest balance, which is a visa card. So the minimum payment on that card was $70 but you're adding the $80 so that new payment is $150. So once you pay that card off, what will happen is that now that $150 you're rolling it into the next card, which is the MasterCard. So you're adding the 120 that would be the minimum payment for the MasterCard in addition to the 150 that you were paying on the last card. So now your new payment is $270. So once you do that and you pay the MasterCard off, now you're doing the same thing, you're going to the next card. So you're taking that 270 with the additional income or extra money that you have, which will be $430 and then you will pay off that last card. So now you're paying $80 more, but you're saving so much in interest. Look at the difference, almost 6,100 before but now only 2,073 with a snowball method. And you go from paying 10 years and eight months to paying it off in two years and two months. So you're shaving a lot of time and money. So that's why we love this strategy. And this strategy too also helps you to boost up your credit score because ultimately as you pay off those balances, your credit score keeps increasing. So it's a win win situation. Now the next strategy is consolidation. Now there's a couple of ways to consolidate. One way is to have a personal loan or any type of loan really that you would then take the different balances and roll it into that loan. But in this example, we're gonna talk about a balance transfer card. So you probably have gotten mail saying you are able to get a zero balance transfer card. You're approved. And what does that look like? There's different balance transfer cards out there in the market, but typically those balance transfer cards have a zero interest for a certain time period. I've seen them as short as 12 months all the way up to 21 months. There might be shorter, but I haven't seen any. But the point is that it's for a time period. So in this strategy, what we're gonna do is we're gonna basically take those three cards again and we're gonna roll that into the zero balance transfer card. So the same thing, we're still dealing with $8,750. We're still gonna use that $350 that was in the budget. And we're gonna add the $80 on top of that. But look at the difference now. So now that we rolled over those balances into the new zero balance transfer card, look at the difference. But be mindful because when you do a balance transfer card, a lot of times they do have transfer fees. They're typically between three and 5%, but if you can find them for 0% even better. But the whole idea is that you wanna be mindful that you're tackling on just a little bit fees on top of your balance. So here the balance would be 9,013. You're adding that $80 in addition, like I mentioned, so it's that $430 a month, that's the new payment, but you have no interest. And the card that we're using is a 20-month term. So we are able to sit here and pay it off even faster than strategy one. So here you're not dealing with any interests. You're literally like wiping the slate when it comes to interest and you're shaving off eight years and 11 months because you paid it off in 21 months. So again, just being able to free up time, free up money and that's just a freeing feeling because now you've been able to tackle down that debt a lot faster. But those are just a couple of strategies that you can utilize with just having a little bit of extra money available. If for some reason these strategies don't work for you, I would say call a money coach and see what other strategies 'cause there are several other strategies that we're not gonna cover today, but you can call a money coach so that you can go over those options as well.

- [Vivian] Awesome job, Vivian. That it was great to show debt stacking, debt snowballing, or consolidation. A lot of our clients do ask us to show them the numbers. So we wanted to make sure that you had an example in which you saw numbers and so that you can evaluate options. Another thing that we want to tackle in terms of debt is student loans. Now a part of strategy is recognizing when there's an opportunity. So we wanna talk about what opportunity you have here. And I'm gonna review some of the things that we've discussed in our previous webinars about student loan forbearance between March 13th and September 30th of this year. Now for federal student loans, federal student loan service providers have automatically placed accounts in deferment and stopped automatic payments for six months. Again, between March and September of this year. No interest accrues on federal student loans on any account between that time. Also no late fees or penalties accrue on that as well. So for those of you who have federal student loans, that could be really beneficial because if it's the case that you have some changes to your income now you don't have to worry about at least your federal student loan payment. Now it's important to know that not all student loans are eligible for that type of program. If you have a private student loan or if you have a federal family education loan or a Perkins loan, you want to reach out to those specific student loan servicers and ask them is there any type of relief program? A lot of them are offering that. But they do want some type of evidence and they also want you to fill out some information. So you need to make sure that you're aware of what is required if you have another student loan provider. Also, if you do sign up for any of the program relief options, you want to make sure that you get that in writing so that just in case anything comes up that it's on your credit report or something goes awry, you have something in writing that says that you did apply, it was granted or whatever the case was. So for the federal student loans, it's no payments, no interest, no penalties. For private student loans, contact them and make sure that you are aware of what their programs are and what's needed. Now, for those of you who are eligible for public student loan forgiveness, the suspended payments do count towards the 120 months. So that's another good thing. Even though you don't have to make payments, you still qualify in terms of months, it's not gonna put you six months behind. So that's a quick overview of the student loan situation given the COVID-19 pandemic. Now let's return to our example with the Joneses. Again, it's all about strategy here, and we're not going to change the $280 a month unless they really want to. So in this case, we're gonna stick with the 280 and figure out what are their options? Well, the first option is just to keep paying the $280 a month. In this case, they're still reducing debt without changing their payments because this is going to all principal. No interest is being accrued on this account during this time, so you have six months worth of payments going straight to principal. Now, if they're a little concerned, remember we do have one spouse that is unemployed, so if they're a little bit concerned about their future, then maybe they can allocate $150 a month to student loans and the extra $130 that they say is just going to go into savings, emergency savings just to help have some extra cushion for the future. Again, that $150 per month is going to go directly to principal, not going to reduce their debt as much as the 280 but they're still doing some just principal payments. Another option, we wanted to make sure this doesn't necessarily apply to the example, but we wanted to make sure that we addressed all of our clients that say, "I have private student loans, "what do I do about those?" Well, in that case, you can participate in the federal student loan forbearance and maybe make additional principal payments to this private student loans to reduce your debt there. Oftentimes that can be a viable option if your interest rates are higher on your private student loans. So again, it's all about strategy and how they wanna utilize it, but they don't have to do much with that $280 a month except exercise that same amount in a different way. Another option on the forbearance side is they can just simply save that extra $280 a month and put it towards their credit card debt. And that would really generate a difference in their strategy as Vivian discussed earlier with credit cards, they can pay that down a lot faster. But again, they would still have the amount due on their student loans. Again, emergency savings, we cannot emphasize enough the importance of liquidity. So just putting the $280 a month in savings instead foregoing the student loans, making sure they have extra cushion just in case this lasts longer than expected can be an option. That's also an option for those people who say, "I've applied for unemployment. "I don't know what's happened with the application, "I haven't gotten word yet." Then maybe you wanna stick that 280 into savings. You're not being penalized on the student loans. Just to kinda get you through the time until the unemployment checks actually start coming through. And then if they just wanna be on the conservative side but still stay on their goals, they could just set aside that $280 a month in its own separate account. That could be a money market account or that could be a savings account. Set it aside and wait. If the unemployment comes in, everything works out and they're back at a normal employment and normal salary, then they can make a big lump sum payments sometime before the end of September and that's going to act as a big lump sum principle payment. So again, what I like about this is there's options and we didn't change the amount that they're paying. It's just recognizing that due to this pandemic, we do have an opportunity when it comes to financial goals. Now that being said, let's kind of go over an overview of what we discussed in our Joneses example. We went over their budget, we've assessed their new cashflow, and understand that usually this comes after some work. We have to figure out what's the new income after being laid off, figuring out what unemployment would be and the additional $600 a week from the cares act. So that comes after reassessment of cashflow and then we establish, well, what are the priorities? In this case, again, since there was no savings, we want to establish emergency savings, especially since we've got one spouse that's out of work. So that increases liquidity and it helps them to establish a process and how they're gonna do it, whether it's automatic contributions, weekly contributions or monthly contributions, and then prioritize the other goals. In this case, we had a goal of helping to fund the children's college education and another goal of paying off debt. And with this surplus, we were able to strategize those goals and prioritize those goals in different ways that we utilize all of the surplus and we didn't have to jumble around the numbers too much in terms of putting more money in different places and a huge reallocation. We can work with what they have. Now this situation doesn't apply necessarily to everyone, but like I said, if it's the case that your situation is different or you're single or you've got other things going on, call and talk with one of our money coaches or listen to our past webinars, we've addressed how you can pay bills there as well. So Vivian, what's our action plan?

- [Vivian] So first things first, we gotta stay in this conversation basically attending these weekly webinars because there's a lot of great insight that we're gonna keep providing on a weekly basis. So that's the first thing. Now, Tiffany definitely shared a lot of great nuggets and even just in the overview she talked about just creating a budget and looking at your numbers, talking about emergency savings. So you wanna think about how to create your own wellness plan right now to take a look at what's been going on for you financially, where you can customize your game plan so that you can achieve your financial goals. And if for some reason you feel a little bit stuck, then you want to reach out to your money coach because you have access to this program through your benefits. And it's always great to have a second opinion. Even for us three, I know that I can say confidently that we all work with each other and we ask each other questions and we support each other financially as far as just nuggets and things that we know that we could share with each other. So if we do that with each other, then we definitely recommend that you guys can take advantage of us as well. And so you definitely wanna talk to your EAP and get more information. If you don't know what the contact number is to our money coach program, talk to your HR department, see what it is that you can set up with us so that we can do consultations. Right now we have a full house of coaches that talk about pretty much every topic underneath the sun having to do with finances. So there is nothing that we cannot help out with. Like literally, we have coaches that specialize in many different areas. So take advantage because the program and just the expertise is over 30 years of experience that our money coaches have combined and more. So take advantage. Set up an appointment if you need some additional coaching or don't let go of this webinar right now because we have a couple more coming up, but we have some great Q&A and a lot of people actually wait all the way to the end for the Q&A because that's an opportunity to sit here and talk to us and get some answers. But the next upcoming events that we have for next week, next Friday we have Navigating Your Finances in Unpredictable Times, that's at 9:00 AM Pacific Standard Time. And then in the afternoon if you have more questions around investing and your retirement accounts or things of that nature, you definitely wanna check out the second part of the webinar which is around investing. So Investor Education, Managing Your Money in Volatile Markets, that's at 12 noon Pacific Standard Time. So we have again like a lot of great content that we're continuing to share on a weekly basis. So definitely look out for them. And don't forget as well that this webinar presentation that we just presented, if for some reason you had to go back to work or you weren't able to catch the full webinar, we do have a recording that's gonna be available in the next day, the next business day so that will be by Monday that you can go back, listen to it if you wanna take down notes or whatever it is that can help you just refresh your memory around some of the stuff that we covered today. So make sure to check us out early next week so that you can get access to today's broadcast. And then lastly, after we complete everything today, just know that you're gonna be prompted to fill out a survey and that survey is very helpful for us because it's a lot of the information that we use for our weekly content. So if there's anything that stood out to you or that you wanna know more about or anything that you would like to share with us, your opinion definitely matters to us. As I mentioned, we use this content moving forward. So definitely leave us some insight in the survey and we're gonna now open it up for the Q&A, the best part, and I know that a lot of people have been waiting for the Q&A. And we're gonna have Tess jump back in so that she can join us in answering some questions. And so if you have any questions around budgeting, around debt management strategies, taxes, feel free to ask those questions. If they are personal questions that are like either around investing, like if you want specific investment advice, unfortunately we can't answer those. If you have any like personal questions, we do encourage you to talk to a money coach so that you can then cover that with that particular coach because we unfortunately won't be able to answer that as well. So let's open it up. Let's take a look. We do have some questions on the line.

- [Tiffany] And Tess if you're on.

- [Tess] Yes.

- [Tiffany] Awesome, let's talk about taxes. My favorite person to talk about taxes with.

- [Tess] So first question I have here, live question, says, your handout states that if your adjusted gross income is below 75,000 single or 150,000 married filing jointly, then I might be entitled to 1,200. What is the income amount for someone single filing head of household? So for head of household if your income is below 112,500 and I'm talking about the adjusted gross income, then you will get the full 1,200. If it is between 112,500 and 136,500 you will get a prorated amount of that 1,200. And if it's above that you do not get the 1,200. And Vivian.

- [Vivian] Interesting, always good to know about all the taxes. But yeah, I do have a question here in regards to snowballing with student loans. So the question is can the snowball method apply to student loans? And absolutely it can. It would be basically the same type of strategy. You're looking at your student loans and basically lining them all up, looking at which balance is the lowest. And then doing the minimum on the other payments, but then doing as much as you can, paying as much as he can towards those smaller balances. You'll see that again, you'll shave a lot of time and money. It depends though, because the snowball method that is a great method. But there are other methods too with student loan that manage the strategy actually with the student loans. So if you're looking at the snowball method, that definitely can work. But look at the other ones as well 'cause that could be helpful too in regard to just how to tackle down your student loans.

- [Tiffany] And oftentimes with student loans, you wanna make sure you separate out your private versus your federal and make sure you do the interest rates. It's a little bit more complex in terms of figuring out the snowball method there. But yeah, talk with one of our money coaches on that too.

- [Tess] All right, I have a text question here from Allen. It's a two part question. If I owe taxes, will my stimulus money be going towards taxes? So if you owe back taxes, you will still get your $1,200 stimulus check if you are below the thresholds. But if you owe back child support, then it will be withheld towards the back child support. And then the second part of the question is, I still have not received my stimulus check. When I try to make sure they have my direct deposit information, the IRS site says don't move forward or it hold up check. So unfortunately, for people who had an automatic debit done to their bank account for taxes owed, unfortunately the IRS does not put the direct deposit to that bank information. So you actually have to physically go into the website and type in your routing number and account number. Unfortunately it's not processing very fast 'cause I'm also in that category where I provided my bank information for a direct debit but unfortunately it's taking a while. So the latest news I heard is that April the 24th, which is today, that checks will be going out and that will go out every week. So it may take a few weeks so please be patient. And Vivian.

- [Vivian] Excellent. So we have a question here. It looks like in regards as well to a debt strategy, but would paying off multiple loans using the stacked method result in even lower total finance charge and a shorter payoff duration? Yes, it will. Ultimately that's the goal with a lot of those strategies which is tackling down one at a time. So what you're doing is especially the higher the interest, the more that you could sit here and put towards it. You're definitely shaving a lot of time and finance and any type of fees that are associated to either the loans or the credit cards. They both work the same way. So it doesn't really matter if it's a loan or if it's a credit card. The whole goal is like if you have three loans and they're around the same in balance, like I mentioned, basically going towards the highest interest rate first and tackling down as much as you can on that, and then you continue to use those payments to the other loans afterwards. So ultimately, whether you do snowball method or debt stacking, the goal is the same, which is attacking one at a time, which then turns into knocking down those fees as well as the time period to pay it off. You always wind up paying so much more if you're just doing a minimum payment, whether that's a loan or that's a credit card. So the quicker that you could speed up the process, the less it's gonna cost in the long run. But that's a good question.

- [Tiffany] Thank you for that question. I've got a question from Barbara that said, did you say that folks on unemployment will receive $600 per week under the cares act? Yes, we did. There's extra $600 a month as a part of the federal program as a part of the cares act. So unemployment usually went through state programs and as a result of this pandemic, the federal government added on an extra $600 a week through the cares act to those who have filed unemployment. Now again, it may take a while. This is not an easy process for the states to implement as the amount of people that have filed unemployment has really skyrocketed in the last couple of weeks. So states are having a hard time trying to catch up and process all of those claims. But yes, it is an additional $600 per week through the cares act from the federal government in addition to your unemployment states claim if you are unemployed due to this pandemic.

- [Tess] All right, a live question from Shanna, if you owe taxes, will you get a paper check? So if you owe taxes for the current year, and you actually pay that already, whether you have paid it or not, you still will get a stimulus check provided that you meet the income threshold. If the IRS does not have your bank information, you will get a paper check. If you want to go into the website and put in your routing number and account number, go ahead and do so and see if that would actually process. But as of right now, even if you put in your bank information because you owed before or for the current year not all people who have done so have actually received their stimulus check. And Vivian.

- [Vivian] It's tough. So we have a question here from Cindy and the question is if you have some extra funds, is it better to save it for an emergency fund or pay down mortgage principal? And that question comes out a lot. So basically the whole thing is how are you set up right now? Do you currently have an emergency fund? Do you feel comfortable and confident with that emergency fund? That is the question because then from there you can decide what other things that you can tackle down. Like Tiffany talked about in the presentation today is just looking at those financial goals, like what is it that you wanna prioritize? So if you already have an emergency fund and you feel confident with what you have, then yes, use that extra money to go towards your mortgage principal or whatever else that you wanna tackle down. If you don't feel confident, especially because right now things are so uncertain, we don't know how long this is gonna last and we don't know what the impact would be over the next couple of weeks. So if you don't feel so confident with the amount that you have in your emergency fund to carry you through, then you wanna keep the focus on building up your emergency fund. They typically say that the rule of thumb is to have a minimum of three months of expenses, but the more that you have, the more peace of mind that you're gonna have. So I would first take a look at your finances to see do I feel confident with the amount of savings that I have right now? And if you don't feel that you have enough, then that's when you can take advantage and totally knock down the mortgage principle. Because very similar to the credit cards and the snowball and debt stacking that I was sharing, the more that you can tackle down on any type of debt, the less that you're gonna be paying in interest and the quicker that you're gonna pay off the debt. So if you're able to put more towards the mortgage principal, then yeah, you're gonna be able to pay off your mortgage a lot sooner and save a lot of money on interest. So just take a look at your own situation as far as how much you've have in emergency funds and if that feels comfortable to you and if you're all set, then by all means tackle down that mortgage debt.

- [Tiffany] Great job, thank you Vivian. I wanna make sure that I clarify that $600 per week under the cares act is for up to 13 weeks and I think Vivian mentioned that in the budget earlier when we were talking about the Joneses. So it doesn't last forever, remember 13 weeks is the limit right now, unless another stimulus bill is passed. 13 weeks is of the limit on the extra $600 per week. We've got a question from Tammy that says, I have a student loan, I'm still paying on it, will interest stop now because of COVID-19? So it's important to remember that interest stops on federal student loans and federal student loans only. So if you have a federal student loan, yes, the interest will stop, penalties will stop, and any type of payments that you're going to make are automatically stopped. However, if it's outside of a federal student loan, that's where your payments most likely are not going to automatically stop. And you need to contact your service loan provider to make sure that if you want some type of relief that you apply for their separate programs. So make sure that you separate out that your federally backed loans versus your private loans. And if you need some assistance with private contact those private student loan providers and see what the requirements are to qualify. All right and back to Tess.

- [Tess] All right, another question on the stimulus check, the stimulus check that will be sent out this year, can a person opt out of receiving it this year? The stimulus check is a gift from the government and if you have filed your income tax for 2018 and 2019 and the IRS happens to have your bank information already, they will automatically deposit it. So you don't really have a chance to opt out of it. If you don't need it, I mean, I don't know who doesn't need it or want it, but basically this is something that you are entitled to or are privileged to receive. So no, the answer is no, you don't get to up out of it. However, if you have not filed 2018 and 2019 tax return and they don't have any of your information, like your address as well as your bank account information, then when you file your 2020 tax return, then you can receive it then, if you want to wait till 2021 to receive your stimulus check. And Vivian.

- [Vivian] We have a question here from Tyrone. So the question is, does the income based payment plan for student loans turn into a loan forgiveness after so many years? That's a good question because in certain cases it does because there's certain lenders that they have kinda like their own forgiveness programs, but those are typically longer than your regular federal loan forgiveness program. So let me explain a little bit further what that means. So if you have a federal loan that is an income-based payment plan, if you're working with a qualified employer for the loan forgiveness program, you can basically get your payments qualified and be able to have the public service loan forgiveness program, which that is only for about 120 payments, which can be 10 years or maybe a little bit more depending on how consistently you're making those payments. So that's a shorter term period to pay off the debt. Now, in certain cases there are lenders that they have their own forgiveness programs where after like 20, 25 years that you're in an income-based, then in that kind of case, yes it does turn into a loan forgiveness after a while, but you would have to talk to your lender to ask them specifically if theirs does turn into a loan forgiveness program and what that timeframe is because I've seen with a couple of lenders that it would be a longterm period. So something in there like 20 to 25 year range. But you wanna see if you could qualify for the public service loan forgiveness program 'cause that's a lot shorter. Or if you're a teacher maybe looking into the teacher loan forgiveness program, those are programs that are available to the federal government outside of what the lenders are doing on their own. So definitely reach out to them and see what they offer 'cause a lot of lenders do, but it's after a long term period like I mentioned that you'll be able to actually go from the income-based into actual loan forgiveness. Or rather not that it changes into a loan forgiveness program, rather that the income-based program after certain amount of years, they will just basically waive the rest of the balance that is left at that time period. Let's say if it's 20 years, then after that 20th year, then you don't have a balance anymore. So I hope that answers your question.

- [Tiffany] Great job Vivian. I'm gonna ask us all to kinda answer this question. We have a question from John and it says, can you recommend safe and practical apps that can help people budget and track expenses? Me and Vivian, we tend to be kind of on the same page with this. We're kinda old school, right Vivian? We were like paper, Excel spreadsheet that's where we kind of flourish. But one thing that concerns me about a lot of the apps that are out now is the request for a lot of private information. And if the only goal is to budget and track expenses, I kinda want my apps to do just that. I don't need to give a ton of personal information and the date of my children's birth to just do the simple function. So I tend to stay old school. If you work with a money coach, we do have some programs to help you there as well. But Vivian and Tess what do you guys think on that about these new apps there to budget and tracking expenses?

- [Vivian] That is my concern too, having to provide your password and links to your bank account, that is my main concern. I am with you, the old school paper and pencil. If you can make your own worksheet with Excel, My Secure Advantage is a very good worksheet it's something that you and only you get to see. And if you wanna share it with your financial coach so that you could get that coaching going it's just you looking at it. Yeah, I'm with you and Vivian on that.

- [Vivian] I like to say too that a lot of banks right now, they have their own programs. Like they typically have their online banking and they have the tools right within the online banking where you can track your income and expenses. So I would start there, especially if you have your funds there so that you don't have to give other outside apps your passwords and information that check your online banking with your current bank system and see what they have 'cause nowadays, majority of the... I mean, even credit unions have it. So it'd be worth looking at your own account to see what they offer and see if they have some type of tracking system.

- [Tiffany] It's all about exploring options and seeing what's best for you. So John, whatever works for you, explore the options, call one of our money coaches. We do have spreadsheets of our own that we can help you with. Do what works best for you and what helps you to stay on track with your budget.

- [Tess] I have a tax question here. My husband is collecting unemployment and owes taxes from the latest tax filing season. Do you have recommendations on paying this? So if you have a reduced income because of what's going on, you could always make an IRS installment payment plan. You have up to 72 months to pay your taxes. Well, for this year as you know, it has been extended from April 15th to July 15th. So if you owe and you can pay it by July 15th, that's great, no interest, no penalty. But for the actual tax bill that you cannot pay, you have up to 72 months to pay it over 72 months and the interest rate is actually very reasonable. With the IRS, it's going to be less than 5% than if you borrowed that same money from a bank. You're looking at 12 or 13% from a personal bank and make the payments there. So the better thing to do is make the arrangement with the IRS. Vivian.

- [Vivian] Good stuff. We have a question here from Jorge I'm planning to purchase a home later this year as prices come down. Can any of your strategies be used to pay off a home loan quicker? Ultimately, the same thing that we talked about before, just having the extra payments would help expedite the process of paying the home loan quicker for sure. And yes, it would be super smart to take advantage that the prices on homes are going down. But all you wanna do is look at your budget a lot of like what we talked about to see if there's any surplus and whatever that you can tackle on, on top, if it's 500, if it's 250, if it's tax refunds, if it's any additional income that you can have coming in that you wanna use to basically pay in addition to your monthly mortgage payment, whatever that number looks like, it's just gonna help you to pay it off faster. It's the same concept and idea. So the quicker that you can pay off the debt, the less interest that you're gonna pay over time. So obviously if you have a loan for 30 years and you're sitting here and just doing the regular monthly payment, if you do just a math on that, that's a lot of interest that you're paying over those 30 years. So if you're able to put extra payments, you're gonna shave down the time of paying off the house. So that's gonna shave a lot of interest. So whatever your budget allows, take that extra money and absolutely apply it to your mortgage so you could pay it off faster. The quicker, the better, the less interest you'll pay over time.

- [Tiffany] Yeah, and less interest means more money for you in your pocket to determine what you wanna do with it. Great job Vivian.

- [Vivian] Oh yeah. That's the name of the game. The whole idea is to free up as much money as you can so that you can have more money working for you and accruing interest so that it could work for you versus that you're paying on something that is taking time to pay off. You want that money to build versus go out of your pocket. You want it coming into your pocket.

- [Tiffany] Exactly. We've got a wonderful question from Camilla. She says, I am tempted to spend the stimulus check on immediate gratification. Camilla, we are soul sisters 'cause I can understand that we are all hear you She says we're just getting out of debt, do you have any suggestions for using the stimulus check? That's a great question. I love this question because it acknowledges our humanity and that we do like immediate gratification. And congratulations on just getting out of debt, that is a major, major goal that you've accomplished. So first I wanna say congratulations on that. Any time that there's a windfall, and I would say this to any of my clients, anytime you have a windfall, which is money that you were expecting that you weren't necessarily counting on, it just kinda comes in, I say sometimes you assess where your weak financial spots are. You know if you don't have enough in emergency savings that makes you feel comfortable. You know if you wanna save more for retirement and you haven't maxed out your retirement in terms of IRA or 401K. We tend to know where our weak spots are. It's just hard to allocate it in that direction when we get those windfalls because we do want that type of immediate gratification. So I say first look at where you know that there's some financial goals that you wanted to focus on, just like we did with the example of the Joneses. Figure out what you want to focus on, prioritize them and it all doesn't have to go in one place. You could split it up in percentages, 45% goes here, another 45% goes there and another 10% goes here. You can mix it up in order to get the best outcome for you and accomplishing your own goals. I would say first like we did in our example, I can't emphasize the importance of liquidity enough. We are in a time where it's very uncertain. We don't know how long this is going to last and we're hearing a lot of different things on a daily basis. So the first thing I would say is look at emergency savings, research savings account competitive rates. Make sure it's FDIC insured and if you want to just park it in maybe a money market account until you decide, at least it's earning interest for that period while you make the decisions on what you want to do with it. But ultimately, figure out what the best options are for you. And congratulations again on paying off that debt.

- [Tess] And last question for taxes. For clarification, as mentioned before, if you owe child support, you will not receive the stimulus check. It depends on your situation. If you owe $1,000 in back child support and your stimulus check would have been 1,200, then 1,000 will be withheld and you will still get the 200. On the other hand, if you owe $5,000 in back child support, then all of your stimulus check will get applied. And so thank you for joining us today, Vivian, Tiffany.

- [Tiffany] We're going to go ahead and turn back on our web cams just so that we can make sure we can see you and say goodbye. One thing that's important to us is that, like we said, we are in unprecedented times and we all wish as financial coaches that we could give you a crystal ball and tell you do this, do that and this is what's going to happen but we can't see into the future. But what we can do is give you the best tips and the best strategies and some support. As Vivian was saying, we are all family at MSA and I know that when I am in office, I am running around that place asking all my coworkers questions, taxes and credit and all of that. So I can honestly tell you you're in good hands when you talk with one of our financial coaches. Ultimately, we wanna help you reduce your stress. We want to help answer your questions and there's no sales pitches here. What you got in this webinar is what we do on a daily basis. So more than anything, we want you to stay safe. We want you to stay healthy and we want you to stay on top of your financial goals. So utilize us, let us help support you. And if you need anything, please feel free to reach out through the website or contact us through your employee assistance program or directly through the My Secure Advantage website if you have access to the benefit. Ladies I'll throw it over to you to close us out.

- [Vivian] You did a great job, I'm like, I don't even know what else to say. But ultimately, you wanna just make sure that your situation is yours and see what it is that you need. Take a look back at some of the other webinars that we presented over the last couple of weeks as well, just to kinda keep getting some insight and tools. But I hope that you got some great nuggets today and that you can use that to help you to propel yourself forward to the situation. Thank you so much. Have a happy, healthy Friday.