

# Maintaining Financial Wellness During a Major Life Incident

1st January 2021

Financial experts advise us to plan for a financially difficult situation, such as a layoff, medical emergency, or unexpected home or auto repair. The prevailing wisdom is to build an emergency fund that will last you three to six months in the event of a major life event and to pay down or avoid debt to keep you financially prepared.

However, even the best financial plans were derailed due to unforeseen consequences of the COVID-19 pandemic. Many people felt the economic impact from loss of income to and an increase in prices for everyday expenditures. You may find that this situation makes it difficult to follow conventional advice for keeping your financial wellness intact, but there are ways to stay afloat financially amid an ongoing life event.

Pull together with family and friends and share ideas about ways to save money. Help one another through this time of financial uncertainty by pooling your resources. You might consider buying in bulk and splitting the purchases or even sharing living expenses. You can also try bartering services; for example, "I'll share the produce I've grown if you'll you cut my lawn." (Be sure to follow guidelines for COVID-19 safety in your area.)

Review your budget and cut unnecessary expenses. Track your spending and trim the extras, such as takeout meals, cable television, or entertainment costs. Save at the grocery store by using coupons and buying less expensive brands. If you have any money left over, use the savings to pay down debt and to build an emergency fund. Financial experts recommend setting aside enough money to cover three to six months' worth of daily living expenses. That may feel overwhelming to think about just now, but start with small amounts today and make it a longer-term goal.

Work with creditors if you are in debt. If you're struggling to pay bills, contact all of your creditors—everyone you pay—to let them know what's going on. Ask if they offer alternate payment arrangements for reduced payments, lowered interest rate, and/or payment deferrals. Most creditors will try to work with you if you explain your situation and show that you want to try to meet your obligations by paying even a small amount each month. However, be sure to know exactly what you can afford before you call. You don't want to commit to something you won't be able to follow through with.

Review your retirement and savings plans with a professional. Don't make short-term emotional decisions with long-term investment plans. Meet with a trusted financial adviser

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before making any decisions to sell assets or move money to different accounts. If you don't have a financial adviser or planner and want to work with one, make sure you choose one who is designated as a Certified Financial Planner (CFP®).

Remember how you've faced difficult challenges in the past. What worked for you then? How can you use some of those strategies now? Simply reminding yourself of your capabilities can help you feel more in control of the current situation.

Don't be afraid to seek help. Take advantage of resources to see you through difficult financial times. Government agencies, food banks, and local community organisations are available if you're having trouble meeting housing, food, utility, medical, or other bills. Your organisation's assistance program can help with a range of issues related to finances.

Look to the future. It may be difficult to imagine now but stay positive that the time will come when you will be more in control financially. And once you are, continue your efforts toward financial preparedness.