

What To Do With Your Stimulus Check

Most Americans will soon receive economic impact payments (stimulus checks) to provide relief from the COVID-19 crisis. You may be asking yourself, "What should I do with it?"



Think Before You Spend

These are highly stressful times. The peace of financial security outweighs the short-lived joy of impulse purchases. Before spending your stimulus check, prioritize your needs and wants.



Meet Current Needs

Current needs include expenses due within the next month such as rent, food costs, utility bills, and health insurance premiums. Make sure you are able to cover these expenses. If you have lost income, use your stimulus check to meet the needs listed above. Be sure to consider other income you expect to receive as well, such as unemployment compensation or a paycheck.



Help "Future You" by Saving

How long the COVID-19 crisis will last is unknown. "Future You" may need savings to cover expenses. Your stimulus check can help build your emergency fund, or savings, to help you in the future. The larger your emergency fund the better, but the common benchmark is enough money saved to cover 3-6 months of expenses.



Pay Down Debt

Once you have met your current needs and saved for future needs, your stimulus check is a great opportunity to reduce debt. We recommend the "snowball" method. The debt snowball method is a debt reduction strategy where you pay off debt in order of smallest to largest, gaining momentum as you knock out each balance. When the smallest debt is paid in full, you roll the money you were paying on that debt into the next smallest balance.



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