

## FEELING FINANCIAL STRESS? HERE'S HOW TO COPE.

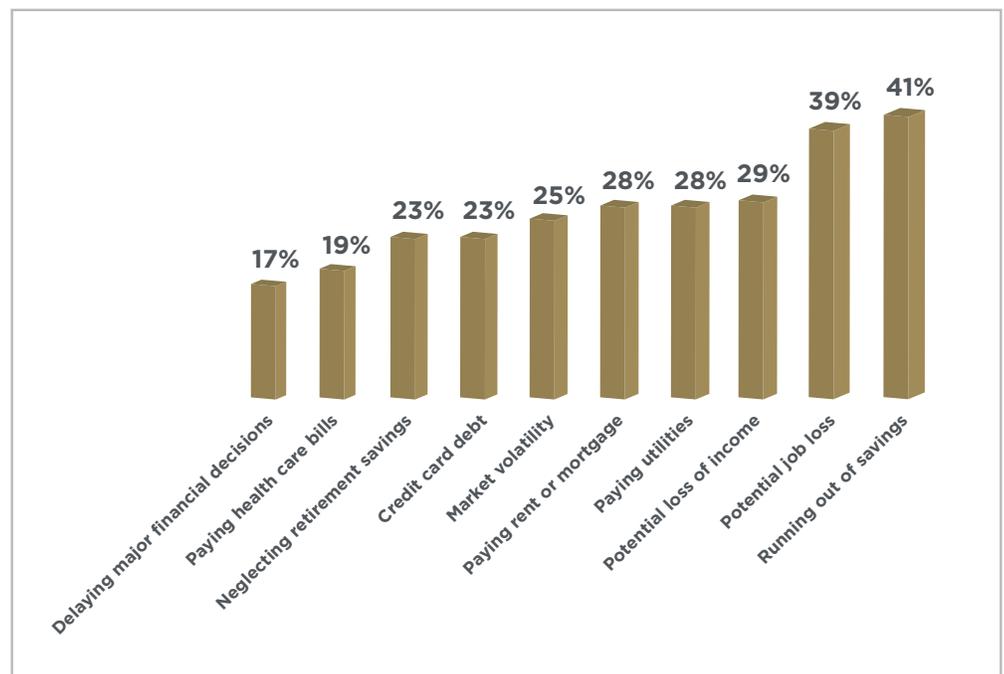
### Overview

When the coronavirus first began to reveal its ugly head in America, people were concerned. Not just about their health, but about their finances. Nearly nine out of 10 people (88%) surveyed by the National Endowment for Financial Education said they were worried about their financial situation.<sup>1</sup>

Financial stress is not exclusive to lower-income workers. In fact, during this particular crisis, many lower-income jobs are deemed “essential services” and are in high demand. Professionals employed in other industries, such as physicians, dentists and many small-business owners, have had to reduce their client base and/or temporarily close shop altogether. Nearly eight out of 10 (79%) people with a household income of more than \$100,000 a year report being at least somewhat concerned about their finances.<sup>2</sup>

Tough times now;  
tough times ahead.  
This is not the time  
to ignore financial  
planning. Even  
during the worst of  
times, it pays to take  
control of financial  
issues, from credit  
scores to retirement  
preparedness.

### Top 10 COVID-Related Financial Stressors<sup>3</sup>



## Take Charge

One way to handle financial stress is to deal with it head on. Take stock of the resources you do have; this may or may not help you feel better. Either way, knowledge is power. We may not be able to control the virus or its toll on the U.S. economy, but knowing what we have gets us one step closer to developing a plan for financial sustainability. For example, your personal financial assets may include:

- Savings accounts
- Investment accounts
- Retirement accounts
- Health savings accounts
- College savings accounts
- Whole life insurance
- Real property
- Structured settlements
- Vehicles (auto, boat, motorcycle, recreational)
- Art, jewelry, wine or other high-value collectibles
- Expensive furnishings and household items

### Develop Plans A, B and C

One way to help manage your financial stress is to focus on tasks you can control. Develop a plan to supplement any income you've lost right now. Also, develop plans B and C for contingency money should you meet with any other obstacles — such as reduced work hours, job loss or a major medical emergency. Getting your ducks in a row, even if you don't have a lot of ducks, can still give you confidence. Instead of operating in the dark, you'll know what you have, what you need and where you can go next if you need more cash.

## Discover Your Options

Even people who are not impacted by the pandemic right away may feel the effects later on. For example, older workers may decide to go ahead and retire. However, drawing Social Security benefits at an earlier age could mean the loss of tens of thousands of dollars over the course of a long retirement. Workers who take advantage of new COVID-eligible borrowing criteria from retirement plans may suffer the consequences of lost earnings and income later on.

And yet, if you need sources of income to cover existing expenses, these are viable options. Knowing what's available can help you develop a plan to help mitigate that sense of financial distress.

### Creditor Options

Times are difficult for everyone, even banks. Hiring a debt collection agency or starting the eviction or foreclosure process can be very expensive, so banks and other financial institutions would rather avoid this situation. One step you can take is to call creditors to discuss repayment options. They may be open to structuring an alternative payment plan for the time being. The same may hold true for utility providers and medical bills. Just reaching out shows that you are aware



of your financial obligations and concerned about repayment. This may work to your advantage as opposed to missing payments and hoping your creditors don't take action.

### **Social Security**

If you have reached full retirement age but are not yet age 70, you can begin drawing Social Security benefits and then stop them once you get back to earning regular income. The good news is that while your benefits are suspended, they will continue to accrue until you restart them again. This way you don't have to lock in at a lower level for the rest of your life.<sup>4</sup>

### **Retirement Plan Assets**

Retirement account owners who qualify have up until Dec. 30, 2020, to take coronavirus-related distributions. The total aggregate limit you can withdraw from all plans is \$100,000. The 10% early withdrawal penalty is waived for account owners younger than age 59 ½. This particular distribution also waives the 20% income withholding requirement, so account owners will have to pay taxes on this distribution when they file next year. Note that the taxes owed on COVID-eligible distributions may be spread out evenly over three years. By doing so, there's less likelihood that the extra income will bump you into a higher tax bracket.<sup>5</sup>

## **Be Resourceful**

Even in this economy, there are ways to earn money. New industries have cropped up or become more mainstream, such as Instacart shoppers and DoorDash delivery. If you feel reasonably low-risk from the ravages of the virus, there are plenty of families seeking childcare, tutoring and homeschooling assistance so they can go to work and pay you. The key in this economy is to be flexible, resourceful and look for services that are in demand. For example:

- Explore work-from-home options.
- Check out essential worker jobs.
- Trade and barter goods and services with family and friends.
- Rent out a room in your home.
- Consider the option of personal bankruptcy to help alleviate the stress of creditor calls, although you must consider the long-term consequences.

## **Stress Management Tips**

Even in normal times, financial stress can take its toll on a marriage. It's important that spouses communicate honestly and work on challenges together because problems can certainly worsen during difficult times like these. Recent studies have shown that partners who continue demonstrating love and affection for each other tend to be better at weathering the strain of financial troubles.<sup>6</sup>



***“It’s hard to remember to do that when you’re in the middle of financial stress. But making sure that your partner knows that you’re there for them, and doing things that show love and affection for them is really important.”***

While meeting challenges head on and creating a plan is a strong step to getting your financial house in order, don’t let this worry consume you. It’s important to step away from perpetual thoughts about money and distract yourself in healthy, enjoyable ways. For example:

- Get regular exercise, particularly out in nature.
- Learn and practice relaxation techniques, such as meditation, yoga or tai-chi.
- Eat healthy, well-balanced meals every day.
- Make time for hobbies, interests and downtime.
- Set appropriate limits and say no to things that cause you stress.
- Seek out social support and spend time with people who put you at ease.
- Laugh — turn on old episodes of television shows, movies, variety shows or stand-up comedy specials that always make you laugh. Think episodes of “The Carol Burnett Show” or “MASH.”
- Help someone else — this is one of the best ways to get your mind off your own troubles.
- If you’re working, tap benefits offered by your employer, from student loan assistance to an Employee Assistance Program (EAP), which may offer resources and counseling for marital, financial, legal, dependent care, substance abuse and mental health problems.
- Speak with a professional if you think you need more support to manage your anxiety. If distress impacts daily life activities for several days or weeks, consult with a clergy member, counselor or physician.

## Final Thoughts

Anxiety often stems from uncertainty. Not knowing what will happen with regard to the coronavirus, or how long things will be different, is very stressful for everyone, regardless of their financial situation. This is important to remember because you are not alone. When it comes to dealing with financial distress, an experienced advisor can be one of your best resources. If you need help exploring options and developing a plan to help mitigate money worries, your financial advisor should be one of your first phone calls.



<sup>1</sup> National Endowment for Financial Education. April 16, 2020. "Survey: Nearly 9 in 10 Say COVID-19 Crisis is Causing Financial Stress."

<https://www.nefe.org/press-room/polls/2020/survey-covid-19-crisis-causing-financial-stress.aspx>. Accessed Aug. 3, 2020.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Social Security Administration. 2020. "Suspending Your Retirement Benefit Payments."

<https://www.ssa.gov/benefits/retirement/planner/suspend.html>. Accessed Aug. 3, 2020.

<sup>5</sup> Merrill. 2020. "The CARES Act and your investment accounts."

<https://www.merrilledge.com/article/cares-act-retirement-rules>. Accessed Aug. 3, 2020.

<sup>6</sup> University of Arizona/EurekaAlert! April 21, 2020. "What helps couples weather financial storms." [https://www.eurekaalert.org/pub\\_releases/2020-04/uoahwc042020.php](https://www.eurekaalert.org/pub_releases/2020-04/uoahwc042020.php).

Accessed Aug. 3, 2020.

<sup>7</sup> Ibid.

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