In light of the current crisis with COVID-19, the federal government is taking steps to lighten the financial burden for families. **Now, more than ever, it is critically important to have a plan for these stimulus dollars, so you can provide for and protect your family in the weeks and months ahead.**

*Please remember—There is no such thing as a financial windfall.* All dollars, whether planned for or not, should have a job in your budget—to cover your basic needs and get you to your financial goals.

Below is the breakdown of what each individual or family can expect to receive, based on income level:

- **Single taxpayers** who earn $75,000 in adjusted gross income or less would get $1,200. Qualifying children add $500 to the total.
- **Joint filers** who earn an adjusted gross income of $150,000 or less would get $2,400. Qualifying children add $500 to the total.
- The amount would be reduced by 5% of your income above the thresholds, completely phasing out at $99,000 for single filers and $198,000 for joint filers if you have no children.
- Unlike the first Senate proposal, all taxpayers would receive this amount, including those who have little or no tax liability.

**How do I plan for these dollars?**

The first thing to consider in an emergency is the **basic health and safety of you and your family.**

1. **Pay for the essentials:** ALWAYS cover your basic needs first, like housing, food, heat, hot water and electricity. Don’t use this money to impulse buy!

2. **Create an emergency fund:** Everyone has unexpected expenses that come up, like medical bills, car or home repairs, or loss of income. If all of your essentials are covered and there is extra money left, **build emergency savings.**

3. **Stay current on/pay down federal and state debts:** Once the essentials are covered, then consider any federal or state debts. These entities have the power to garnish your wages (i.e. take money directly from your paycheck to pay the debt). Having debt costs money through interest charges and hurts your credit score, which makes it more expensive to borrow money in the future.

4. **Car payments:** If no car means loss of your job, then this one moves up on the priority list.

5. **Credit cards:** While credit card debt is still your responsibility, and your interest will continue to build, these can wait until the crisis improves. **If you do need to rely on credit in a crisis situation, do so smartly.** Use it as little as possible and do whatever you can to stay current and pay your minimums.

NOW is the time for a budget. There are many budget templates to choose from (Excel spreadsheets, online apps like YNAB, MINT, Hello Wallet, etc.). Pick one and commit to it.
How do I start?

The first thing to consider in an emergency is the basic health and safety of you and your family.

1. **Set your financial goal.** What do you want your money to do for you?

2. **Gather your income.** Know what you are bringing in for income, whatever the source. If an income source is not regular (e.g., your child support payments are not consistent), you will leave that portion out of your regular monthly income calculation. When those dollars do come in, apply them to basic needs or goals.

3. **Gather your expenses.** Know what you owe. Pull all of your bills together and track your out-of-pocket expenses for at least two weeks. Be sure to track every penny!

4. **Be honest with yourself.** Include everything. If you are not starting with the right amounts in income and expenses, the budget will not be helpful.

5. **The bottom line.** Once you do your math, see where you are. Don’t be afraid of the outcome. Remember, this is the starting point. Knowing where you stand today gives you the power make a great plan!

Choose a track:

**Track 1**

**You have more income than expenses.** You are in good shape. This is the time to:

- Establish an emergency savings if you do not have one.
- Look to your debt next if all required bills are covered and you are paying everything on time. Any “extra” dollars without an assigned job in your surplus can reduce your debt faster. Look into the snowball method to reduce debt more efficiently.
- Look to the future. Once debt is taken care of, consider retirement planning and long-term financial goals.

**Track 2**

**You have more expenses than income.** Take it one step at a time:

- First evaluate where you can cut expenses. This can be very hard, but be honest with yourself about what is a true need versus a want, this is especially true during times of crisis. When things improve you can start looking to add some of your temporary sacrifices back into your budget.
- Look for ways to increase your income.
  - Consider looking for a different job. Or, if you enjoy your current position, consider a second part-time job. With the current unemployment situation, consider using your skills and hobbies to earn more. Perhaps you can make things and sell them online, teach online classes or consider getting a roommate.
  - Apply for resources that can help, like SNAP, Section 8 housing vouchers, Medicaid, SSDI, tax credits, etc.

It is normal to feel uncertainty and fear in times of crisis, but we cannot let that fear and uncertainty take over. Take action and take control back.

FREE financial coaching is available to help you online or over the phone. Contact: Rotna Sinha at rsinha@thevillage.org or (860) 604-4274 or Marissa Chong-Shing (bi-lingual) at mchongshing@thevillage.org or (860) 707-2732