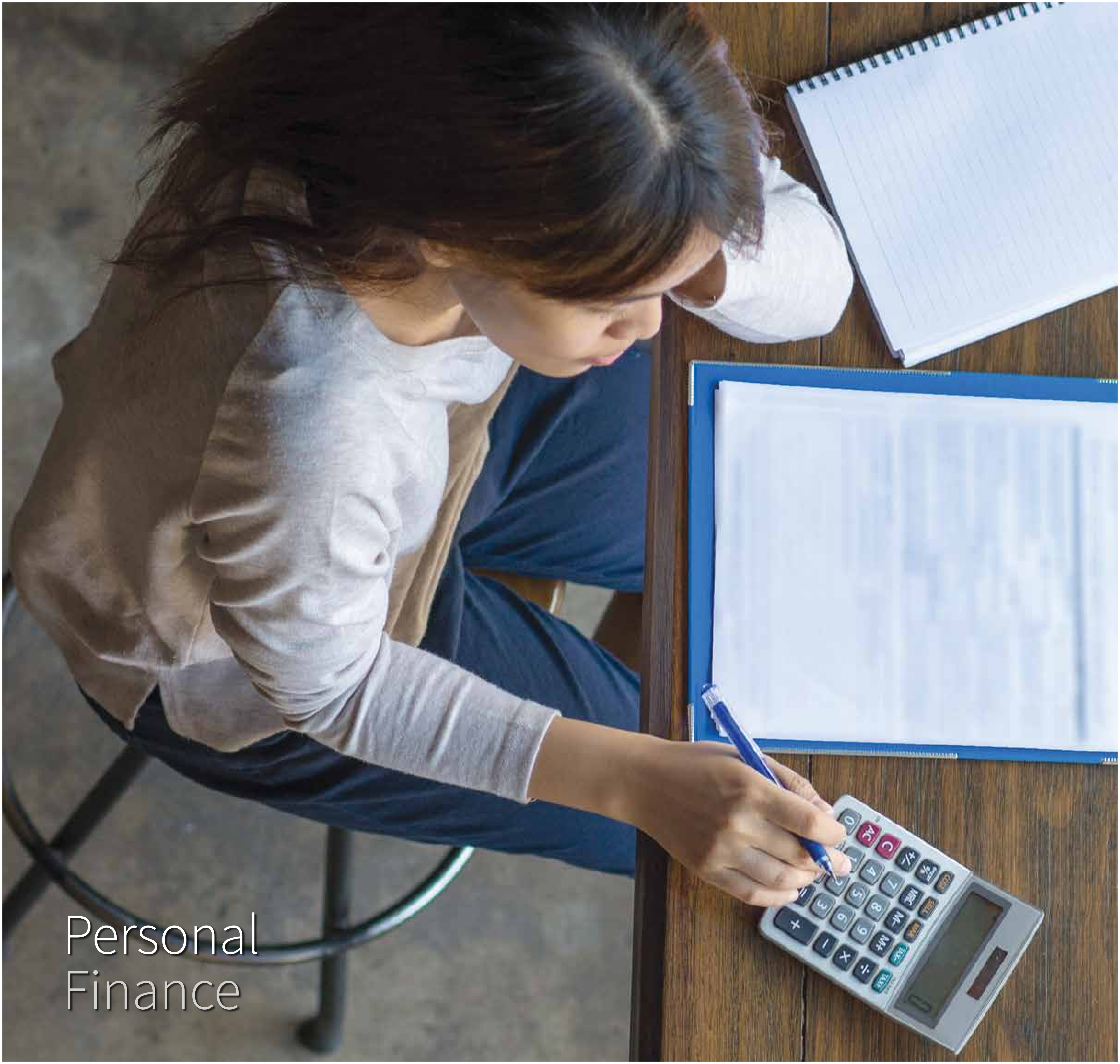

Personal Finance

Pandemic Financial Resources

Given that they happen roughly once every 100 years, virtually no one was totally prepared for an economically devastating pandemic.

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The financial fallout since the virus began ravaging the United States in March 2020 has left consumers scrambling to navigate myriad financial maneuvers, including mortgage forbearances, unemployment claims, retirement account loans or withdrawals, credit card and student loan payment arrangements and more.

If you've found yourself suddenly learning a new financial vocabulary and skill set, you're not alone. Here is a primer on how to get some key forms of financial relief.

MORTGAGE FORBEARANCE

The CARES Act enacted in 2020 to provide financial relief to consumers allowed a temporary suspension of mortgage payments for borrowers with federally insured loans. This includes loans backed by FHA, VA, USDA, Fannie Mae and Freddie Mac. Loan services for privately backed mortgages may also offer some relief.

Forbearance does not erase any amount of money you owe your mortgage lender. It simply allows you to skip some payments for now. Typically those payments will be added onto the end of your loan term, or repaid over the course of several months. This all happens without any fees, penalties or interest, and without a hit to your credit score. Your servicer may even offer a restructuring of your loan with different terms and interest rate. All you need to do is tell your loan servicer that you are having pandemic-related financial challenges.

RETIREMENT ACCOUNT LOANS OR WITHDRAWALS

The CARES Act also established temporary rules allowing for withdrawals from retirement accounts that would otherwise be prohibited. According to the Internal Revenue Service, you can withdraw up to $100,000 from eligible retirement plans, including 401(k)s, 403(b)s and IRAs, without being subject to the usual 10% penalty. In addition, if you repay the distribution within three years, you will not owe income taxes on the withdrawal.

The Act also provides an increase in the amount of loans you can take against your account and more time to repay loans.

In order to qualify for these benefits, you must prove that you have suffered financial harm due to the pandemic.

CREDIT CARD PAYMENT ARRANGEMENTS

Although credit card payment arrangements were not covered by the CARES Act, many card issuers are offering some type of relief to consumers. Contact your card issuer to find out what they offer and the guidelines for qualifying. This may include lowering or deferring your monthly payment, waiving or refund late fees, reducing your interest rate and establishing a payoff plan for existing balances, according to the Consumer Financial Protection Bureau. Contact your credit card company in writing through their website or mobile app and explain how you've been affected by the pandemic. Then get a copy of your agreement in writing.

STUDENT LOAN ASSISTANCE

Principal and interest payments on federally held student loans are automatically suspended through September 30, 2021, according to the CFPB. (Find a list of federal servicers at bit.ly/2YCg9jZ .) You do not need to contact your student loan servicer or take any action to receive this relief.

Many private lenders are also offering assistance to borrowers. As with a credit card arrangement, be sure to get everything in writing from your lender.

FUTURE PLANNING

If you are interested in being more financially prepared to weather a crisis in the future, check out George Washington University's Global Financial Literacy Excellence Centers website at gflec.org/education/financialresilience. It provides not only a list of government assistance programs but tips for budgeting during a pandemic, rebuilding your savings, managing debt, protecting your credit, avoiding fraud and more.

Hiring a Financial Pro

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If you find you need help managing your day-to-day financial tasks, it might be time to hire a pro.

Here is a breakdown of each type of financial professional who can help with routine financial matters, and when to hire each.

BOOKKEEPER

If you are hiring a professional to manage your personal finances, you'll most likely turn to a bookkeeper. They provide services such as budgeting, paying bills, balancing your checkbook, looking over credit card statements, analyzing your spending.

Bookkeepers can be certified by the American Institute of Professional Bookkeepers or complete online training to be certified by QuickBooks . Expect to pay around $20 per hour for a bookeeper's services, according to Investopedia.

ACCOUNTANT

An accountant is responsible for keeping, preparing and examining financial records. TheBalance.com recommends hiring an accountant if you own your own business, make more than $200,00 per year, plan to leave an inheritance to your children, own rental properties or anticipate receiving a large capital gain.

Accountants typically have college degrees in accounting and can handle bookkeeping tasks, tax preparation and filing and filing of required financial forms. Expect to pay around $35 per hour, according to Investopiedia.

A certified public accountant, or CPA, often has a master's degree and is certified by the American Institute of Certified Public Accountants. You probably only need a CPA if you own a business. Rates will higher for a CPA, at $50 and up, says Investopedia.

FINANCIAL PLANNER

A financial planner's job is to help your reach your financial goals. If you want advice on budgeting, paying down debt, investing or other financial matters, hire a financial planner to help you set your course.

You might pay a flat fee or a percentage of your asset for the planner's services, or he might be paid a commission based on the products or investments he sells you. Paying a flat fee is the best way to ensure that your financial planner has only your best interests in mind and not his own bottom line.

CHOOSING A PRO

No matter which kind of professional you decide to hire, do your homework before making a decision. Ask friends and family for recommendations, and check with national professional associations. Do a Google search of your prospective pros, read reviews and check with your state's securities agency to see if the pro is involved in any administrative actions. Ask detailed questions about fees and commissions.

Managing a Financial Windfall

You don't have to win the lottery to find yourself suddenly managing a financial windfall.

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You might receive an inheritance, a lawsuit settlement, proceeds from the sale of a home or a large salary bonus. While we've all dreamed of what we would do with an unexpected lump sum of cash, actually deciding what to do with the money once it's in your hands can be fraught with pitfalls. Your best bet is to turn to a financial professional for advice and guidance.

FIRST STEPS

Financial management firm Charles Schwab recommends putting the money in a safe, short-term investment, such as a savings account, money market account or CD, for a "cooling off" period, to allow you to decide on a strategy with a clear head.

Your next concern should be ensuring that you set aside money for any taxes you will owe on the windfall. Next, you'll want to pay off any debt you have, then set up a cushion of six months' living expenses. Next it's time to make a plan for investing your money for future growth, including making sure you'll have enough money for retirement and other financial goals.

LEGAL MATTERS

Just as with any other major life event, finding yourself with a large amount of cash on hand is a great time to update your will and other financial planning documents accordingly. Depending on the size of the windfall, it could significantly affect how you want your assets to be divided up on your death. You'll need a good financial planner and attorney to help document your plans.

SPLURGE

Managing a windfall responsibly includes setting aside some money to spend on yourself. This is where your once-out-of-reach daydreams can come into play. Be sure, however, to keep your spending within a pre-set limit and use the rest to plan for your future financial success.

GIVE BACK

When you find yourself with a windfall, you might want to share the wealth. Great! Just be sure to do so responsibly and with the advice of your financial professionals. They can help you establish a charitable giving strategy that maximizes tax savings and allows your gifts to do the most good.

Money Tech Trends

Advancements in personal finance-related technology over the past several years has been focused on making financial processes quicker and easier for consumers.

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Here are some of the trends in money tech and how they can help you reach your financial goals.

Online banks. Banks such as Ally, Bank Mobile, Simplii and Chime provide many of the services of a brick-and-mortar financial institution without the brick and mortar. Chime, which has more than 1 million users, has no-fee checking and savings and an app that includes features such as spending tracking, check deposit and the ability to send payments digitally. It also plays nicely with digital payment apps such as Apple Pay, Google Pay and Samsung Pay. Forbes Adviser named Chime the best online bank for automated savings.

The online loan. Quicken's Rocket Mortgage shot online lending into the spotlight when it rolled out in 2015. Speed is the key with online loans, using technology to speed up this traditionally tedious process. According to Hackernoon.com, "AI-based platforms are making it easier than ever for lenders to ask a handful of qualifying questions and quickly approve or deny applicants based on their probability of being good candidates." Businesses that have sprung up to offer these automated mortgages are known as fintechs, and in 2010, their share of the market was just 2%. By 2016, their share of the market had grown to 8%, or $161 billion in loans, according to the Federal Reserve Bank of New York.

Fractional shares. This innovation allows you to invest in a stock you couldn't otherwise afford. Want to capitalize on Amazon's growth but can't afford the price tag in the thousands? A broker pools your money with others looking to do the same. You can also end up with fractional shares if a stock you own splits. How is this a tech trend? Apps such as Robinhood, Invstr and Stockpile have popularized fractional shares, making it easy to get into the stock market with just a little cash and some taps of the thumb. Not all brokerages offer fractional trading, and you should pay close attention to fees, which can add up if you conduct a lot of trades.

Payday Loan Alternatives

During tough economic times, payday loans can be very attractive to consumers, with relatively easy qualifying and quick access to cash.

According to Forbes, in 2019 about 19 million people took out a payday loan. The costs, however, can be considerable, and while payday loans are better regulated now than in the past, they can still trap borrowers into a cycle of high-cost debt that's hard to break.

KNOW THE COSTS

The most important consideration when taking a payday loan is knowing the true costs. A payday loan is typically in the amount of $100 to $1,000, with an initial term of two weeks to repay, with fees of $10 to $30 per $100 borrowed, with $15 being common.

The Consumer Financial Protection Bureau says, however, that about 80% of payday loans don't get paid off in the original two weeks. A $300 loan could cost $390 to pay off in just four weeks. As an annual interest rate, that's nearly 400%. A Forbes investigation found that some borrowers pay even more, at the equivalent of 500% per year. Payday loans come with late fees and rollover fees that increase your costs.

Also be aware of fees you might be charged when you have your funds loaded onto a prepaid debit card. There could be fees for adding funds, checking your balance, calling customer service or simply using the card. There also could be a monthly fee.

BREAK THE CYCLE

If you're stuck in a cycle of rolling over a payday loan, your state might provide relief. Some state laws require payday lenders to offer extended repayment plans to consumers facing financial difficulties. Check with your lender and your state financial regulator for details. Be sure to also check into the fees associated with such an arrangement.

LOOK ELSEWHERE

The CFPB recommends looking elsewhere for financial assistance before taking a payday loan. Options include asking family or friends, tapping into employer, non-profit and community programs that offer cash advances or emergency credit, taking a personal loan at a bank or credit union, using a credit card, and negotiating with a creditor or debt collector to lower the amount you owe.

What Is an Umbrella Policy?

Most people have at least a couple of insurance policies, including coverage for their car and home or apartment.

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You might also have recreational vehicle coverage, watercraft coverage and more. But what happens when you are sued for an amount that exceeds your coverage? Enter the umbrella policy.

BRIDGING THE GAP

As the name suggests, an umbrella policy keeps you covered in case of unexpected financial liability in a variety of circumstances, picking up where your existing policy limits end. This could include being found liable for medical expenses or pain and suffering when someone is injured in a car accident in which you are involved or in an accident in your home.

For example, say you are involved in a car crash in which your car causes significant damage to a home, with the total expenses reaching $450,000. Your auto policy might be limited to paying out $250,000. An umbrella policy would cover the remaining amount, up to the limits of the umbrella policy, so you aren't on the hook for the remaining $200,000.

ADDITIONAL COVERAGE

An umbrella policy is different from excess liability coverage, which only provides more protection for costs covered by your existing insurance plans. Umbrella polices provide even more protections for personal liability situations not covered by your existing policies. These can include libel, slander and negligence. For example, an umbrella policy might cover medical expenses for someone bitten by your dog or for water damage caused to your downstairs neighbor's property when your bathtub overflows. Depending on the policy, you might be covered worldwide, and everyone in your family or household could be covered.

WHAT'S NOT COVERED

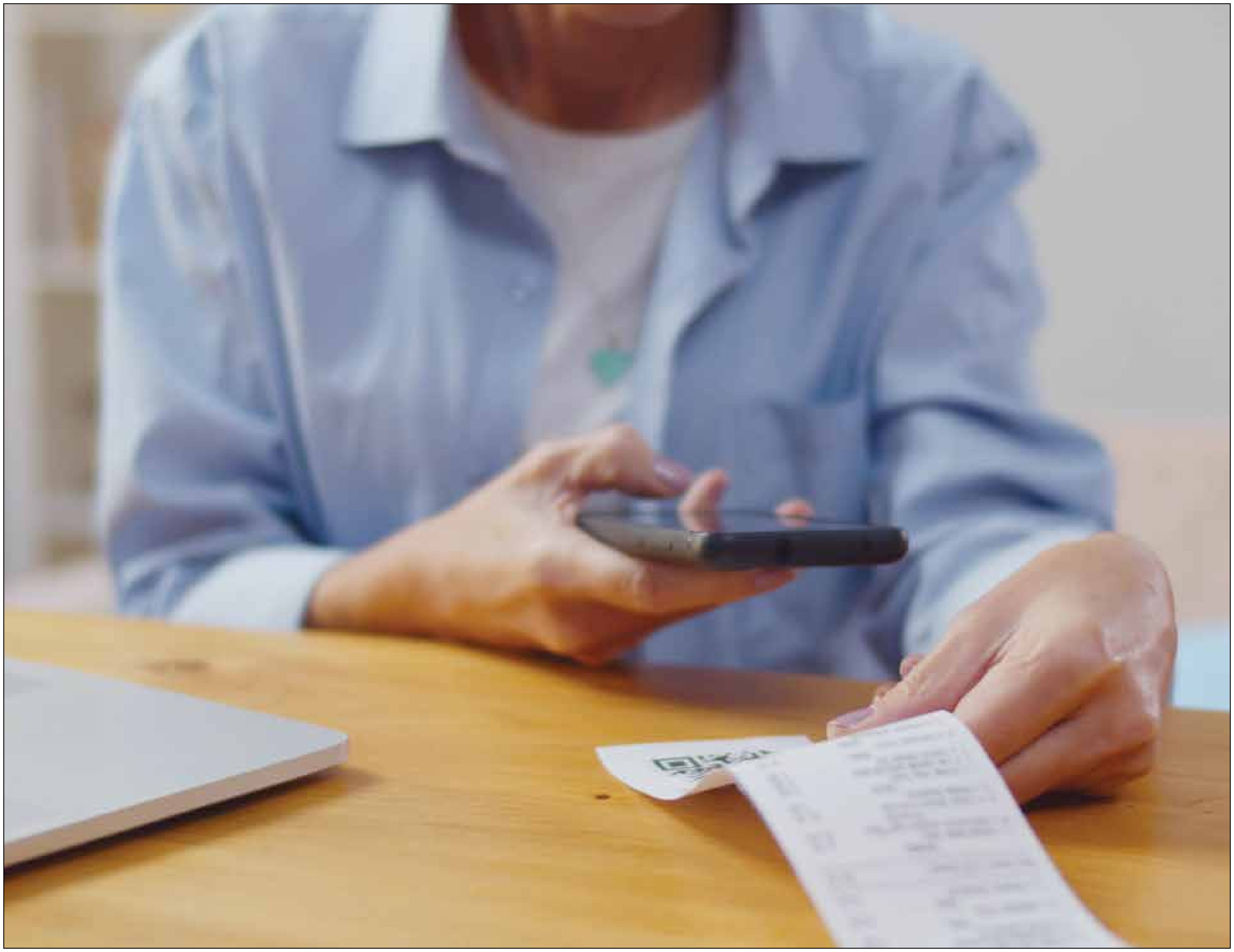
As any insurance policy, your umbrella policy will come with exclusions. These typically include your injuries or damage to your personal property, criminal or intentional damage and liability you assume under a contract, according to insurer Geico. Read your policy carefully and know what is and is not covered.

WHO NEEDS A POLICY?

An umbrella policy is affordable, with $1 million in coverage costing about $150 to $300 per year, according to the Insurance Information Institute. Anyone who has a lot of assets or an increased chance of being sued should have an umbrella insurance policy, according to NerdWallet.com. The site recommends you buy an umbrella policy if you own property, have significant savings, own a pool, trampoline, gun or dog, are a landlord, have an inexperienced driver in the household, coach kids' sports, frequently host parties in your home, serve on the board of a nonprofit, regularly post reviews of products and businesses, engage in potentially dangerous sports such as hunting, skiing or surfing, or are a public figure.

Year-Round Tax Tips

It's easy to heave a sigh of relief after your taxes are done in April and forget about them until the next year. The smart move, however, is to keep income taxes in mind all year long.



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Some simple planning and organizing now can make it much easier to get through tax time next year. Here are some steps to take after your taxes are filed to be prepared next April.

BASIC TAX PLANNING

After your taxes are completed and filed, sit down with your tax professional to strategize your financial plans for the year. Discuss any major financial changes you anticipate, such as a wedding or birth of a child, any planned major purchases, a change in jobs or any anticipated changes in your income. Based on how you fared in the previous year and your plans for the year ahead, your tax pro will be able to set you up for success in minimizing your taxes.

KEEP RECORDS

Keep track of your expenses for things like medical and business expenses, miles driven, meals and others all year long. Gone are the days of stashing tiny slips of paper in various shoeboxes and storing them under the bed. If receipts and records aren't already available online or in digital format, use a mobile phone app to scan paper receipts and documents and save them as PDFs or JPGs.

Keep a folder on your computer with copies of these files, and categorize them by expense type for maximum benefit.

Tracking miles driven? There's an app for that, too, and if you are careful about tracking and categorizing miles driven all year long, many apps will let you generate reports at the end of the year broken down by category.

CHECK IN WITH YOUR TAX PRO

Before you embark on any large financial transaction, such as a home sale or purchase, withdrawing or investing large sums of money, selling stocks, or hiring workers or incurring large costs for your small business, talk through the move with your tax pro. They can guide you through the decision and consult about the tax consequences, and make you aware of any documentation you should collect along the way.