



Actions to take in a Financial Crisis

We at Portland Housing Center want you to succeed financially through this crisis. That means cutting back or cutting out certain expenses to stay afloat. It may also mean contacting creditors to work out deferments and reduced payments. But first you need a budget. Then you can take actions on what financial relief you need. Having a budget is a critical part of your coronavirus response strategy. And if you take a pause on buying a home, that's okay.

1. Start with Your Income and Assets

There are two sides to budgeting: what you spend and what you earn. The first step is figuring out your new base income if your hours are cut, job loss or layoff has affected your household.

If you've experienced a 50% pay cut, then try cutting 50% or more of your spending. If you were living above your means pre-COVID-19, then take even deeper cuts to get your budget to work.

On the income side, be sure to include the [expanded unemployment benefits](#) which you may be entitled under the federal stimulus package. To supplement state unemployment benefits, individuals will receive an additional \$600 per week for up to four months.

Self-employed and freelance individuals who work as independent contractors are also eligible for unemployment benefits under the stimulus package.

2. Categorize Your Budget Expenses

Cutting costs can make getting through the current financial situation less stressful. Make a list of everything you spend money on in a normal month. Start with your fixed expenses. This includes everything you must spend money on each month such as:

- Housing
- Utilities
- Food
- Insurance
- Healthcare

Debt repayment could go on this list, since paying debts on time is critical for maintaining a good credit score. If you have student loans, car loans or credit card debt, add those here as well.



Make a third list if you have irregular expenses that you don't pay every month. For example, these might include car insurance premiums you pay biannually or garbage service you pay every other month. Factoring those expenses in means you're not surprised once those bills come due.

The key is to put every expense in your budget into its own categories. Another way to think of it is like this: must-haves, need-to-haves and nice-to-haves.

3. Eliminate or Reduce Nice-to-Haves

In crisis budgeting mode, prioritize your expenses. For example, paying the rent or your mortgage and keeping the lights on should take precedence over buying new clothes. Some of the extras you can cut from your budget such as dining out and personal care such as hair and nails can be easy cuts since those businesses are closed. Things to watch out for are online shopping for such items listed below. Keep in mind if this is a 'nice-to-have' that can wait.

- Clothing
- Extracurriculars for kids
- Electronics and gadgets
- Hobby expenses

Another nice-to-have expense category to cut is anything that's outsourced. For example, if you pay someone for lawn care or dry cleaning, those are expenses you could put on pause.

4. Revisit Your Essential Spending and TAKE ACTION!

Once you've cut the fluff out of your budget, review your essential spending against your income. If there is a gap, contact companies and lenders for deferments or reduced payments.

Housing & Utilities

Start with your biggest expense, which is housing. If you're a homeowner, the federal stimulus package includes relief for those with federally backed mortgage loans. If you have a mortgage and you're concerned about falling behind on payments, reach out to your lender.

If you rent instead of own, your options for managing rent payments may be narrower. But the good news is that Oregon has enacted a temporary moratorium on evictions. Ideally, you should continue paying rent on time each month. But if you can't because your income has taken a hit,



you may be insulated from legal action, at least in the short term. Contact your property manager or landlord to make arrangements.

As for utilities, utility companies are suspending disconnections for nonpayment. If you can't pay these expenses you won't lose service, although you will have to get caught up at some point.

Debts

The coronavirus stimulus package provides relief for [federal student loan borrowers](#), including the temporary suspension of payments. This doesn't apply to private student loans, however. If you have private loans, reach out to your loan servicer for a deferment or forbearance.

Likewise, stay in touch with your credit card issuers. Many credit card companies offer hardship programs that allow you to lower or suspend your payments or reduce your interest rate for a set time period. This can make paying down your balance more affordable when money is tight.

If you have a car payment, contact the lender and work out a deferment or a reduced payment. Likewise, for your phone service, contact the company and ask for a deferment or a reduced payment. You'll need phone service so don't put off an arrangement.

Health & Peace of Mind

Medications and health supplies are essential. Do not sacrifice your health during this stressful time. Check out these resources: <http://www.news.sanofi.us/What-to-Do-When-You-Cant-Afford-Your-Chronic-Disease-Medication> or <https://www.verywellhealth.com/what-to-do-when-you-cant-afford-your-medication-1942844>

Meanwhile life still happens, don't let your health, auto and home insurance lapse. Call your provider for assistance or possibly less coverage for the short term to keep yourself protected.

Food to Stay Healthy

You and your family must eat well to stay healthy. If you need to cut food costs, do an internet search for ways to stretch a food budget, find coupons, and plan inexpensive meals. If you need help with food check out <https://oregonhunger.org/covid-19/> for community resources.