



THE FISCAL FEMINIST

PERSONAL FINANCE CRISIS MANAGEMENT

THE FISCAL FEMINIST



BE PROACTIVE

Know the financial facts of your situation, gather relevant information and implement a strategy with necessary adjustments.



COVID-19 STIMULUS BILL HIGHLIGHTS:



CONGRESS HAS PASSED 3 BILLS TO MITIGATE THE ECONOMIC IMPACT OF COVID-19

1. The Families First Coronavirus Response Act
2. The Coronavirus Preparedness and Response Supplemental Appropriations Act
3. The Coronavirus Aid, Relief, and Economic Security (CARES) Act



DEADLINES HAVE CHANGED

- Deadline for filing and payment of 2019 federal income taxes has been changed from April 15, 2020 to July 15, 2020.
- July 15, 2020 is also the deadline to make 2019 contributions to IRAs and Health Savings Accounts (HSAs).



DIRECT PAYMENTS TO AMERICANS

The CARES Act includes a provision to send many Americans direct payments of \$1,200 for individuals, or \$2,400 for joint filers, plus \$500 for children under 17 years of age. The amount of payments will be reduced for those with higher incomes.

- For individuals filing taxes as singles, the reduced amount begins at an adjusted gross income of \$75,000 per year and is completely phased out at \$99,000. For Head of Household filers, the phase out is at \$112,500
- For joint filers, the reduced amount begins at \$150,000 and payment is eliminated at \$198,000.
- Adjusted gross income will be determined by your 2019 tax filing or your 2018 tax filing, if 2019 isn't available.
- The rebates are treated as advance funds of a 2020 tax credit which means they are NOT being treated as taxable income.
- If the 2020 adjusted gross income would disqualify a taxpayer, there will be no claw back on the direct payment made on the prior years' tax return information.
- A notice will be sent to each taxpayer by mail no later than 15 days after the distribution date.



WHO WILL HAVE TO TAKE ACTION?

- If you didn't file a tax return in 2018 or 2019, the IRS is urging you to do so quickly, even those who don't normally need to file a tax return.
- If the IRS doesn't have your direct deposit details, they will send out paper checks to you which will begin in early May.
- The IRS has launched the "Get My Payment" web application. This is a FREE app (that can be found at [IRS.gov](https://www.irs.gov)) which will allow taxpayers who filed their tax return in 2018 or 2019 but did not provide their banking information on their return to submit direct deposit information. Providing this information via the app, will expedite the payments to their accounts. The app will also allow taxpayers to track the status of their payment.



SOCIAL SECURITY RECIPIENTS WILL AUTOMATICALLY RECEIVE STIMULUS PAYMENTS

- Those who receive Social Security payments to their bank accounts will receive stimulus payments the same way. If you have no direct deposit information on file, you will receive a check. Social Security recipients who don't typically file a tax return do not need to take any action.



PAID SICK AND FAMILY LEAVE FOR BUSINESSES WITH 500 EMPLOYEES OR LESS

(THIS MAY NOT INCLUDE BUSINESSES WITH 50 EMPLOYEES OR LESS):

- Eligible employees must be allowed up to 2 weeks or 80 hours of paid sick time.
- At their regular rate of pay if the employee is unable to work due to quarantine or experiencing COVID-19 symptoms and seeking a medical diagnosis.
- At two-thirds their regular rate of pay to care for someone who is ill or to take care of a child whose school has been closed as a result of COVID-19.
- For more information, visit dol.gov



EXPANSION OF UNEMPLOYMENT INSURANCE

- The Families First Coronavirus Response Act provides up to \$1 billion in aid to the unemployment insurance system.
- The CARES Act also expands unemployment insurance. Under the provisions in the bill, more people will qualify for benefits and the amounts of weekly benefits will be increased.
- Regular Unemployment Compensation is increased by \$600 per week, and the benefit is extended by 13 weeks until July 31st.
- Unemployment benefit will be available the first week of unemployment, waiving the normal one week waiting period.
- Self-employed and independent contractors now qualify for unemployment benefits through the Pandemic Unemployment Assistance program.
- To apply for unemployment insurance, visit your state's unemployment website. For more information <https://www.dol.gov/coronavirus/unemployment-insurance>.



FEDERAL STUDENT LOAN PAYMENTS HAVE INTEREST WAIVED

TO LEARN MORE VISIT [STUDENTAID.GOV](https://studentaid.gov)

- The CARES Act suspends payments on federal student loans until September 30, 2020.
- The act makes emergency financial aid available to some students, up to the amount of the maximum Federal Pell Grant for the year.
- Federal work-study payments can be made to qualifying students who have been unable to complete their work under the program due to COVID-19.
- Students who are forced to withdraw from school due to the outbreak may have the portion of their loan covering that semester canceled.
- Requirements to return portions of grants or loan assistance will be waived for students who had to withdraw from school as well.



HEALTHCARE AND EXPANDED COVERAGE

- Testing for COVID-19 must be covered by private health insurance without cost sharing. Any vaccines for COVID-19 must be covered as well without cost sharing.
- The CARES Act provides funding for health care providers and suppliers, including extra Medicare payments to hospitals to cover COVID-19 treatment and extra funding to community health centers.
- The act expands coverage of telehealth services under Medicare. It also allows high-deductible health plans with health savings accounts (HSAs) to cover telehealth services even if patients have not met their annual deductible.



RETIREMENT ACCOUNT RULES HAVE BEEN RELAXED

- Required minimum distributions for 2020 have been suspended from IRAs, inherited IRAs and employer sponsored plans.
- Affected, eligible participants in workplace retirement plans and IRA owners can take an aggregate distribution in 2020 of up to \$100,000 from all retirement accounts without incurring the usual 10% early withdrawal penalty.
- The affected person (including a spouse or dependent) would need to either be diagnosed with SARS-COV-2 or COVID-19 or experiencing adverse financial consequences as a result of a defined event.
- Income tax on these distributions can be evenly spread over a 3-year period or repaid to an eligible retirement plan within 3 years.
- Loan repayment for affected participants may be delayed for one year.



TAX CREDITS FOR THE SELF-EMPLOYED MAY BE AVAILABLE

- The Families First Coronavirus Response Act includes help for people who are self-employed. It includes a tax credit for sick leave and family leave of up to \$200 a day or 67% of average daily pay.
- It also allows for up to \$500 a day for emergency paid sick leave for quarantine or testing for COVID-19, or 100% of average daily pay.



ABOVE-THE-LINE DEDUCTION FOR CHARITABLE CONTRIBUTIONS

- The CARES Act allows for a \$300 above-the-line deduction for cash charitable contributions made to 501(c)(3) organizations for taxpayers who take the standard deduction.
- The act also relaxes the limit on charitable contributions for itemizers—increasing the amount that can be deducted from 60% of adjusted gross income to 100% of gross income.
- Effective in the 2020 tax year.



PAYCHECK PROTECTION PLAN (PPP)

- The CARES Act allocated \$350 billion to help small businesses keep workers employed amid the pandemic/economic downturn. The PPP initiative provides 100% federally guaranteed loans to small businesses.
- [Coronavirus Emergency Loans – Small Business Guide and Checklist](#)
- All loan terms will be the same for everyone.
- The loan amounts will be forgiven provided:
 - The loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8-week period after the loan is made.
 - Employee and compensation levels are maintained.



PAYCHECK PROTECTION PLAN (PPP)

- Payroll costs are capped at \$100,000 on an annualized basis for each employee. Due to likely high subscription, it is anticipated that not more than 25% of the forgiven amount may be for non-payroll costs.
- Loan payments will be deferred for 6 months.
- **When can you apply?**
 - Starting April 3, 2020, small businesses and sole proprietorships can apply through existing SBA lenders.
 - Starting April 10, 2020, independent contractors and self-employed individuals can apply through existing SBA lenders.



PAYCHECK PROTECTION PLAN (PPP)

- **Where can you apply?**
 - You can apply through any existing SBA lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating.
 - Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.
 - Consult with your local lender as to whether it is participating.
 - Visit www.sba.gov for a list of SBA lenders.
 - The Senate passed a \$484 billion deal on April 21st to replenish the small business loan program that has been overrun by demand. The House is expected to approve the measure on Thursday, April 23rd.



PAYCHECK PROTECTION PLAN (PPP)

- **Who can apply?**
 - All businesses – including nonprofits, veterans' organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors – with 500 or fewer employees.
 - Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries.
 - The SBA's affiliation standards are waived for small businesses:
 - in the hotel and food services industries; or
 - that are franchises in SBA's Franchise Directory; or
 - Receive financial assistance from small business investment companies licensed by the SBA.



YOUR CRISIS BUDGET REVIEW

- **Have an open and honest conversation with your family about finances in this crisis. Even if you are the only one in your household, it is important to review your savings and fine tune your budget. Determine what is necessary and what expenses can be cut.**
- **Create a spreadsheet to track your fixed costs.**
 - Line item your fixed costs such as rent, mortgage, utilities, cell phone, food and all insurances, including health insurance.
 - List all credit card payments.
 - Review all discretionary expenses and line item what you are spending that is non-essential. Eliminate or severely reduce online shopping, clothing and subscriptions. Re-evaluate your food purchases.
- **Seek assistance in payment delay or forgiveness.**
 - Many utilities, telecommunications companies and automakers are easing shutoffs and waiving late fees to consumers who are struggling during the pandemic.



CRISIS RESOURCES & SOLUTIONS

- **Reach out to your providers and inquire what their policies are and if you can get some relief.**
 - For example, AT&T is suspending the termination of wireless, home phone or broadband service when customers can't pay their bills because of coronavirus disruptions. Verizon is waiving late fees and suspending service termination for customers negatively impacted by the coronavirus. T-Mobile is providing unlimited data to current customers with plans for next 60 days.
 - Ford Motor is offering customers potential delay in payments to provide relief.
 - Several utility companies are suspending disconnections due to non-payment, and, waiving late fees.
- **Contact all providers of essential services to determine what is on offer to you.**



CRISIS RESOURCES & SOLUTIONS

- **Credit card payments.**
 - Many credit card companies have released statements regarding their ongoing monitoring and response to customers. Contact your creditors as soon as possible.
 - Reach out to your credit card companies and ask what they can do for you as many are prepared to work with you on individual solutions. Many credit card issuers have off-menu solutions for those struggling financially. Ask direct questions about short-term hardship programs and be honest about your circumstances.
- **Emergency Savings.**
 - If you have an emergency savings account, this may be the time to dip into it but only for essential items like food, shelter and other essential fixed costs.



CRISIS RESOURCES & SOLUTIONS

Balance Transfers

- If your credit is healthy enough to qualify for a card with a zero percent introductory rate on balance transfers that could help stave off mounting interest payments over the next few months.

Personal loans

- Research personal loans with a lower interest rate.

Seek assistance in your community of friends, family and places of worship.

If your accounts are already seriously delinquent, reach out to a nonprofit credit counseling agency such as National Foundation for Credit Counseling.

Reach out to your mortgage provider or landlord to ascertain what relief is on offer.

Contact your auto and home-owners insurance companies to discuss options such as skipping premium payments, forgiveness of late fees, getting a payment extension, adjusting installment payments or other tailored solutions.



CRISIS RESOURCES & SOLUTIONS

Protecting your credit during the COVID-19 situation.

- Check your credit regularly.
 - *It is critical that you ascertain credit reports are correct, identify any potentially fraudulent activity and respond before it damages your credit.*
 - *Check all three credit bureaus: Experian, TransUnion and Equifax.*
 - *Dispute inaccurate information.*
- Pay your bills on time if possible, at least the minimum payment.
- Get help from lenders and contact all service providers as noted previously.



CRISIS RESOURCES & SOLUTIONS

Contact a credit counselor. Nonprofit counselors can offer advice and create a debt management plan.

- The National Foundation for Credit Counseling (NFCC) is the nation's largest nonprofit financial credit counseling organization. It will help you connect with reputable, certified credit counselors.
- The U.S. Trustee Program is offered through the U.S. Department of Justice and features a search tool to help consumers find a credit counselor.
- Your state's attorney general's office or local consumer protection agency may have recommendations for credit counseling.



WHAT ABOUT INVESTMENT STRATEGY?



WHAT ABOUT YOUR INVESTMENT STRATEGY?

Don't let fear dictate your investment decisions!

- It is human to feel fear of the unknown in an unprecedented situation.
- But, feeling fear and acting on fear, are very different things.

Determine your liquidity needs for the next 6 to 12 months.

- Do you have an emergency fund in place?
- Do you remain employed and receiving your pay and benefits?
- If you have no emergency fund, and no incoming cash flow, determine your cash flow needs for the next 6 months.
- If you have to raise cash through liquidating investments, then do so to ensure liquidity for the next 6 months.



WHAT ABOUT YOUR INVESTMENT STRATEGY?

Keep in mind that there have been multiple unprecedented economic crisis over time, and the crisis ultimately got resolved and economic activity grew and often exponentially.

- A patient, disciplined, long-term investor will be rewarded for standing firm during the crisis. Market timing is a fool's errand.
- Selling low and buying high, and, determining when to re-enter the market will result in permanent capital loss and loss of profit during the ultimate run-up of the market.



Forward Returns Following History's Worst Bear Markets

Total Returns for the S&P 500

Peak	Trough	Drawdown	1 Year	3 Years	5 Years
1929, SEP	1932, JUN	-86.2%	162.9%	170.5%	344.8%
1932, SEP	1933, FEB	-40.6%	98.7%	194.6%	154.6%
1933, JUL	1933, OCT	-29.8%	2.9%	120.1%	87.3%
1934, FEB	1935, MAR	-31.8%	83.8%	16.3%	84.9%
1937, MAR	1938, MAR	-54.5%	35.2%	38.2%	84.5%
1939, OCT	1940, JUN	-31.9%	8.0%	59.7%	118.8%
1940, NOV	1942, APR	-34.5%	61.2%	128.6%	144.9%
1968, NOV	1970, MAY	-36.1%	34.8%	50.6%	42.2%
1973, JAN	1974, OCT	-48.2%	38.1%	72.7%	117.5%
1987, AUG	1987, DEC	-33.5%	23.2%	55.5%	121.7%
2000, MAR	2002, OCT	-49.1%	24.4%	59.0%	105.1%
2007, OCT	2009, MAR	-56.8%	53.6%	98.0%	181.6%

TABLE: BEN CARLSON • SOURCE: DFA/BLOOMBERG

FORTUNE



WHAT SHOULD WE DO NEXT?



WHAT SHOULD WE DO NEXT?

Step back and reassess how your financial situation has held up during this time of unexpected crisis. Ask yourself, prior to the crisis:

- Did you have a budget?
- Did you have an emergency fund, and if not, why?
- Did you have burgeoning, lingering credit card debt, that is now causing further stress?
- Have you been living beyond your means?
- Did you have a savings plan in place?



WHAT SHOULD WE DO NEXT?

Now is the time to plan for the future, post-crisis environment!

- Create a budget
- Implement a plan to pay your credit card debt off
- Establish an Emergency Fund to cover 4-6 months of expenses
- Establish a doable, automated savings plan
- Live within your means



“ You have power over your mind —
not outside events.
Realize this, and you will find strength ”

-Marcus Aurelius





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WEBSITES REFERENCED

CORONAVIRUS EMERGENCY LOANS – SMALL BUSINESS GUIDE AND CHECKLIST

www.uschamber.com/sites/default/files/023595_comm_corona_virus_smallbiz_loan_final.pdf

NATIONAL FOUNDATION FOR CREDIT COUNSELING (NFCC)

www.nfcc.org

THE U.S. TRUSTEE PROGRAM:

www.justice.gov/ust/list-credit-counseling-agencies-approved-pursuant-11-usc-111

FEDERAL STUDENT AID:

<https://studentaid.gov/>

US DEPARTMENT OF LABOR

www.dol.gov/



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The U.S. Trustee Program
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