



Personal Financial Management During COVID-19

During the unprecedented COVID-19 global health crisis, one of the biggest challenges we face is economic uncertainty. From protecting your finances in the wake of a market crash to prioritizing expenses and navigating inevitable tough choices, NAPFA is here to support you with tips from our members on managing your personal finances during the COVID-19 pandemic.

Manage your expenses:

- Set a baseline for how much your lifestyle costs. Identify which expenses are locked in, such as your mortgage, and which are discretionary. Use that knowledge to set financial priorities and determine the amount needed for an emergency reserve.
- Be proactive and reach out if you need help. Many companies—from mobile phone carriers to mortgage lenders and banks—are waiving late fees, establishing payment plans or deferring payments in a way they never have before. If you are experiencing a significant loss in income, contact those companies to request a deferral of payments.
- Use your flexible spending account for day-to-day medical expenses, including over-the-counter drugs. If you recently lost your employer-sponsored health insurance, COBRA insurance premiums can be paid using money from a health savings account.

Understand the federal support:

- File your taxes now to qualify for a stimulus check. Don't wait until July, especially if your 2019 income was lower than 2018 or if you added a child to your family last year, as you may qualify for a larger stimulus check.
- Review the CARES Act stimulus package, which makes it easier to dip into retirement savings to fund short-term living expenses if needed. The 10% penalty on early IRA distributions has been suspended for up to \$100,000 of withdrawals related to COVID-19. The amount that can be borrowed from a 401(k) has been doubled from \$50,000 to \$100,000 and the repayment terms have been relaxed. These resources should only be used to cover essential expenses, as anything you borrow will need to be paid back or you will be taxed on the withdrawals.

Consider investment strategies:

- Research investment topics such as implementing a dollar-cost-average investment strategy, rebalancing to long-term investment targets or tax-loss harvesting in taxable accounts.
- Get help understanding your investment portfolios and goals in the current climate by scheduling a virtual financial planning session with a financial professional. NAPFA financial advisors offer a variety of fee models, including hourly, project-based and subscription offerings, as well as [pro-bono sessions](#), to help individuals navigate this challenging time.

Taking these steps now can help reduce the uncertainty around your finances and allow you to prioritize your mental and physical health.

For more tips, visit our [Consumer Resources page](#) or reach out for virtual financial planning assistance using our [Find An Advisor tool](#).