CHECKLIST

Getting Your Finances Back on Track

1st United
CREDIT UNION

A financial setback or hardship can affect even the best financial plans.

Regardless of your income level or stage in life, a financial setback can disrupt your day-to-day life and throw your financial goals off course. This could force you to delay important personal and financial milestones, such as purchasing a home or setting a date for retirement.

Whether you've suffered a partial or total loss of income, experienced heavy losses in your investments or retirement accounts, or had your financial plans affected in other ways, you may need to create a new plan to get your financial health back on track.

To do this, you'll want to take a long, hard look at your current financial outlook, including your monthly expenses and expected income, and set new budgets and savings plans to help your finances recover.

We've put together a checklist that guides you through this evaluation and decision-making process.

Set new budgets and savings plans to help your finances recover from a major setback.

STEP 1:

Add Up Your Cash-on-Hand

The first step in rebuilding your financial health is assessing your current situation. Take the following actions:

Add up the available cash in your checking and savings accounts. Figure out how much money you have at your disposal to handle bills and other expenses.

Determine whether you have other cash reserves that could be accessed. This could include an emergency fund, treasury bills, certificates of deposit, and more. These don't need to be cashed in immediately, but you can consider tapping into them if you're facing mounting bills and other expenses.

Are you expecting a tax refund, bonus, or stimulus payment? Have a plan for how you'll use this money – or just keep it in savings to increase your financial cushion.

> Out of sight and out of mind could be your recipe for a growing savings account. Log in to your account or call us to set up regular automatic transfers from your 1st United checking account to a savings account, which can help your savings grow effortlessly.

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STEP 2:

Estimate Your Expected Monthly Income

Long-term planning may be difficult if you don't know how long your financial hardship will last. Your income-earning opportunities will play the biggest role in determining how and when you can return to a comfortable financial situation. Start by building a financial plan based on your current outlook, creating a roadmap to navigate this next period of time. Here's how:

Determine how much income you can expect on a monthly basis. If you still have your job and a steady income, you can likely move forward without making significant changes to your budget or lifestyle. (You may want to increase savings to plan for the unexpected down the road).

> If your hours have been reduced or you've been laid off, you will likely need to make more significant changes to your money management practices.

If unemployed, add up your monthly unemployment income. Calculate how long you can expect to receive these benefits before you'll need to find an additional source of income.

What is your level of confidence in finding a new job? For example, during the pandemic, industries such as restaurants, tourism, entertainment, and events were hit harder than others. Recently, tech companies have experienced significant layoffs.

> No one can say for certain how easy it will be to find a new job, but it's worth considering the relative health of the industry you work in – those that are suffering the worst right now might make it harder to find new work.

STEP 3:

Build a New Budget

No matter how much or how little you make, budgeting offers the blueprint needed to get finances in order and reach your goals. Take the following steps:

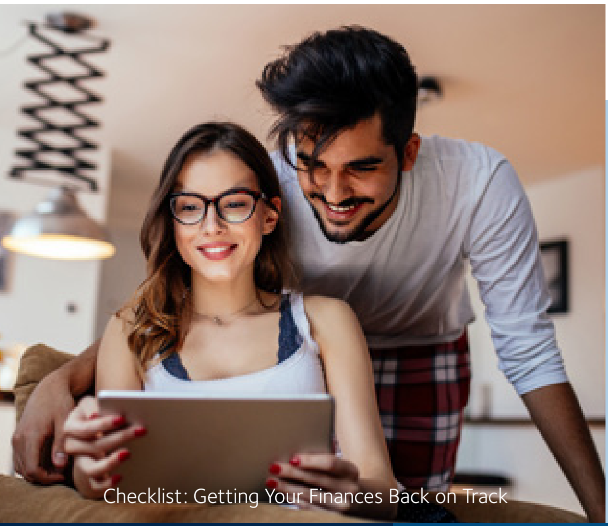
Use your monthly after-tax income to set the upper limit of your budget. Ideally, you want to spend less than this amount, but use this dollar amount as your ceiling.

Compare your spending to your earnings. Are you projected to save money each month?

Commit money each month to build toward financial goals. This includes restoring or creating an emergency fund, as well as catching up on retirement savings.

> You may also need to pay off credit cards and other forms of debt. If interest rates are high, give these debts top priority.

Use your money management review to identify easy spending cuts. Even if your income exceeds your budgeted spending, this period of economic uncertainty might be a good time to scale back on your monthly living costs – especially if you've fallen behind on financial goal timelines.



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STEP 4:

Set Up Expense Tracking for Your New Budget

With a new budget in place, your next step is to find ways to hold yourself accountable to this plan and to teach yourself new habits. Here are some steps that can help:

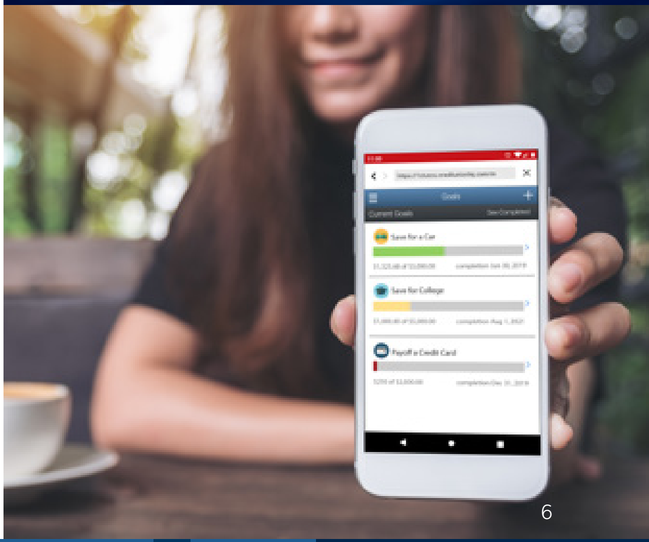
Connect your bank accounts and credit cards with an expense tracking tool. This tool logs all your spending and even categorizes them according to your budgeted categories.

> Utilize 1st United's Money Manager for this. It's free for members and available through online and mobile banking.

Pay attention to your spending trends and patterns. Where are you excelling? Where are you struggling to stick to your budget?

Use trends identified through expense tracking to improve your money management and keep costs low. If you're having difficulty analyzing your spending and sticking with your budget, you may want to speak with a financial counselor or advisor.

> BALANCE offers free financial counseling to 1st United members. Contact us for details.



STEP 5:

Start (or Replenish) Your Emergency Savings Fund

A day-to-day disruption could force you to tap into your emergency funds for short-term relief due to loss of income, unforeseen medical expenses, and other costs brought on by your hardship. Take steps to prepare for any further emergencies before they strike:

If you withdrew from emergency savings to cover costs, focus on rebuilding your emergency fund so that you can be prepared for the next financial emergency.

If you didn't have an emergency fund to begin with, this experience is a reminder of the value of having one. Start making contributions so that you're better prepared for surprises in the future.

Decide whether the increased economic uncertainty of your situation is cause for expanding your existing savings goals. Some experts recommend keeping 3-6 months' worth of living expenses in this fund. Depending on your level of stability, you may want to increase this amount.

Focus on rebuilding your emergency fund so that you can be prepared for the next financial emergency.

STEP 6:

Save for the Future

Once you've addressed your present financial needs amid this period of economic uncertainty, take time to look ahead to the future and identify long-term strategies that may help you face a future disruption of your financial plan. Here are some options to consider:

Increase your savings and your investment contributions after paying for essentials, if possible. The more progress you can make during periods of uncertainty, the more you'll be able to thrive in times of economic prosperity.

Set up auto-contributions from your checking account to your savings account to keep yourself accountable to your plan. If you struggle to stick to a savings schedule, this is an easy tool to force regular savings contributions.

Take advantage of employer-offered investment opportunities, and have 401(k) and IRA contributions pulled from your paycheck. Many employer-offered retirement plans also offer percentage-based matching, which is essentially free money that goes directly into your retirement fund.

Remember that a depressed market is a prime opportunity to invest your money while prices are low. If you have the means, investments you make now could quickly increase in value as the economy recovers.

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Have questions about how to get your financial goals back on track?

Contact Us Today