

Steps to overcome temporary financial hardships

With the ongoing COVID-19 pandemic forcing the closure and shutdown of most facets of daily life, more people are facing uncertainty surrounding employment and finances.

“Uncertainty breeds fear and anxiety – especially about money – and this health crisis is no exception,” said Michael Sullivan, a personal financial consultant with Take Charge America, a national nonprofit credit counseling and debt management agency.

“But even in these unprecedented times, there are several actionable steps to take to make it through this and any other financial hardship.”

Sullivan shares several steps to take during a financial setback:

Reallocate budget

If faced with a loss of income, take a close look at your existing budget and reallocate spending in accordance with a socially distanced lifestyle. Shift transportation or lunch money toward monthly bills or credit card payments.

Sell stuff online

Classic yard sales may be off limits in the era of social distancing, but selling lightly used possessions remains a great way to earn extra cash. Focus on items that can be shipped on platforms like eBay or Poshmark that don't require physical contact between buyer and seller.

Hold off on selling furniture and bigger things until

pandemic restrictions end.

Turn to the gig economy

Those who have lost a job, may consider gig work for extra income. With people sequestered at home, demand for delivery services such as Instacart and Postmates has surged.

Several companies have instituted policies to limit in-person contact and help workers stay safe. Potential employees will want to assess their comfort level with the potential risks considering the current situation.

Eat what's on hand

Chances are there is plenty of food in the pantry and freezer that hasn't prepared yet. Putting together meals from food already in the house helps stretch limited finances.

Call landlord or lender

People who won't be able to make their rent or mortgage payment should contact their landlord or mortgage lender immediately. Being proactive helps ensure the most options available for possible reduced or deferred payments.

Explore credit hardship plans

Working on credit card debt can be extra stressful when facing a sudden loss in income. In this instance, call creditors to ask about hardship plans, which temporarily lower interest rates and credit limits while waiving fees.

This allows payments to

apply to the principal. Generally, these plans last three months, and interest rates may go back to normal immediately or rise over time afterward.

Don't forget student loans

The government already has offered some major relief for federal student loan borrowers. As part of the massive coronavirus relief bill, all payments on federal loans have been suspended through Sept. 30.

Interest will not accrue and nonpayment during the time frame cannot be used to affect credit scores or qualifications for loan forgiveness. Any payments made during this time will apply to the principal.

Consumers who are overwhelmed by debt or struggling to pay bills may find guidance with a free online credit counseling session.

About Take Charge America

Founded in 1987, Take Charge America Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling.

It has helped nearly 2 million consumers nationwide manage their personal finances and debts.

To receive more information, visit www.takechargeamerica.org or call (888) 822-9193.

