

Steps to overcome temporary financial hardships presently

National nonprofit credit counseling agency Take Charge America shares ways to navigate this unprecedented period of economic uncertainty.

PHOENIX - 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: If you've lost your job, you 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. You'll want to assess your comfort level with the potential risks considering the current situation.

•Eat What You Have: Chances are you have plenty of food in your pantry and freezer that you haven't prepared yet. Putting together meals from food you already have helps stretch limited finances.

•Call Landlord or Lender: If you know you won't be able to make your rent or mortgage payment, contact your landlord or mortgage lender immediately. Being proactive helps ensure you have 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 your 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 Your 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 timeframe cannot be used to affect credit scores or qualifications for loan forgiveness. Any payments made during this time will apply to your principal.

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

