

BETTER MONEY HABITS

# Financial guidance to help with the impact of coronavirus

# Disclaimer page

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*As we continue to feel the impacts of coronavirus, these resources can help you navigate – from immediate needs to longer-term plans.*

### ***Immediate needs:***

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# Addressing your immediate needs



# 6 ways to tackle financial stress

1

Identify what needs  
attention

2

Try to stay positive

3

Be realistic

4

Make the most of your  
income

5

Small steps are key

6

Keep yourself honest



## Take advantage of government help



1

Student loans

2

Mortgages

3

Income taxes

4

Unemployment insurance



# Take advantage of government help: Student loans

- Available support for federal student loans, including:
  - Direct Loans
  - FFEL Program Loans
  - Perkins Loans
- Check with your student loan servicer to see what options are available to you to perhaps
  - Lower payments
  - Defer interest



**While these provisions don't apply to private student loans, many lenders are offering payment deferment programs. In any case, check with your loan servicer to explore your options.**

**Learn more with this [Department of Education guide](#).**



# Take advantage of government help: Mortgages

- Available support for federally backed mortgage loans
  - About 2/3 of home mortgages fall into this category
- You may qualify to be able to suspend your payments
  - Contact your mortgage service provider for details
- Download a guide to the new rules from the Federal Housing Finance Agency [here](#).
- If your mortgage isn't covered, contact your lender
  - Some banks may allow you to defer mortgage payments for certain periods of time and not report missed payments to credit agencies
- Deferment periods vary by lender, so make sure **to contact your mortgage service provider** to confirm their policy.



**If you're a Bank of America customer and need help with your mortgage or home equity payments, please contact your local Bank of America financial center**





# 11 money moves to make after a job loss or pay cut

## Act now

- 1** Collect final payments
- 2** Apply for unemployment benefits
- 3** Prepare an emergency budget
- 4** Make sure you have enough insurance



# 11 money moves to make after a job loss or pay cut

Do within 30 days

**5** Go to who you owe

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**6** Tap your emergency cash options

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**7** Talk to your family

---

**8** Scale back on saving for college

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# 11 money moves to make after a job loss or pay cut

Complete within months

**9** Shop for low-interest offers

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**10** Enter the gig economy

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**11** Pay it back and pay it forward

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# Reach out to creditors



1

Cable and phone  
companies

2

Utility companies

3

Credit card issuers

4

Auto lenders

5

Landlords



# Reach out to creditors

CREDITOR	SUPPORT	ACTION
Cable and phone companies	<ul style="list-style-type: none"><li>More than 100 cable, wireless and phone companies have signed on to the Federal Communications Commission's <b>"Keep Americans Connected"</b> pledge to waive late fees for customers affected by the impacts of the coronavirus and not cut off service if a customer is unable to pay.</li></ul>	<ul style="list-style-type: none"><li>You can see if your provider has signed on <a href="#">here</a>.</li></ul>
Utility companies	<ul style="list-style-type: none"><li>Policies vary around the country, but many major gas and electric companies have temporarily agreed not to turn off service to customers unable to pay as well as waiving late fees due to the impacts of the coronavirus.</li></ul>	<ul style="list-style-type: none"><li>Contact your utility companies.</li></ul>
Landlords	<ul style="list-style-type: none"><li>The new federal stimulus law offers some protections from evictions if the mortgage is federally backed and the property owner accepts any type of forbearance. Many cities and states have halted evictions due to impacts of the coronavirus.</li></ul>	<ul style="list-style-type: none"><li>If you're struggling to make rent payments, contact your landlord directly.</li></ul>



# Reach out to creditors

CREDITOR	SUPPORT	ACTION
Credit card issuers	<ul style="list-style-type: none"><li>• Many major lenders are supporting customers in need by waiving late fees and offering deferred payment plans.</li><li>• Typically, deferred or suspended loan payments can show up on your credit report, but some banks are offering to suspend reporting standards to help ensure your credit doesn't suffer due to impacts of the coronavirus.</li></ul>	<ul style="list-style-type: none"><li>• Contact your credit card issuer.</li><li>• If you are a Bank of America customer, you can request a payment deferral or a refund on late fees. Learn more <a href="#">here</a>.</li></ul>
Auto lenders	<ul style="list-style-type: none"><li>• Many banks and financing companies are making payment assistance available for auto loans.</li></ul>	<ul style="list-style-type: none"><li>• Contact your auto lender.</li><li>• If you are a Bank of America customer, you can request a payment deferral or a refund on late fees. Learn more <a href="#">here</a>.</li></ul>



## Negotiating with creditors



<https://bettermoneyhabits.bankofamerica.com/en/debt/debt-negotiation-tips>

# Recalibrate your budget



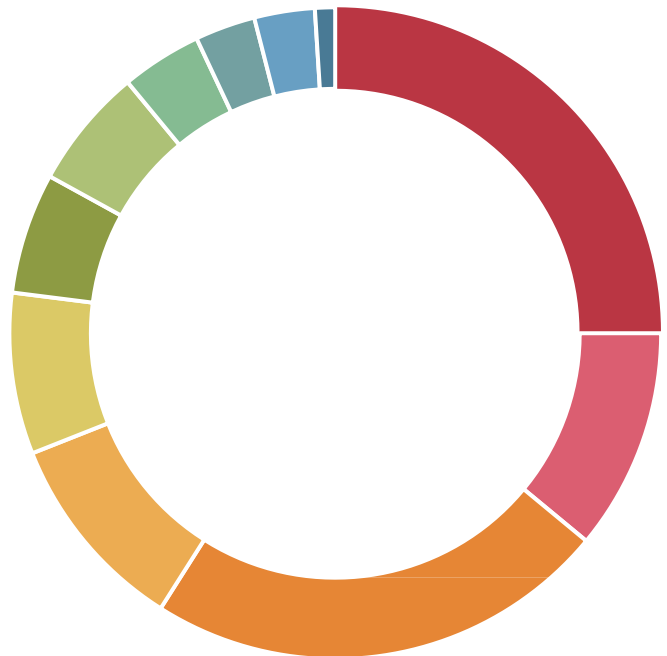


# Review your *new* monthly budget

In this current environment, if you're able to stay home, you may already be saving on certain expenses, including gas, meals out and entertainment.

Tip: Look over your credit card statements for recurring charges for services and memberships. Stop payments to any you won't be using, such as gyms, clubs or after-school activities.

- Mortgage 25%
- Personal debt 11%
- Food 23%
- Transportation 10%
- Savings 8%
- Insurance 6%
- Utilities 6%
- Clothing 4%
- Health care 3%
- Personal care 3%
- Misc. items 1%



\*For illustrative purposes only



# Filling out a *new* spending plan

Income	
Your take-home pay	\$
Additional household's take-home pay	\$
Other	\$
<b>Total Income</b> (sum of rows above)	\$

SPENDING CATEGORY	PLANNED SPENDING	ACTUAL SPENDING	CHECK IF SPENT AS PLANNED
<b>Expenses: Home &amp; Utilities</b>			
Mortgage or rent	\$	\$	<input type="checkbox"/>
Groceries	\$	\$	<input type="checkbox"/>
Electricity	\$	\$	<input type="checkbox"/>
Gas	\$	\$	<input type="checkbox"/>
Water	\$	\$	<input type="checkbox"/>
Cable/Internet	\$	\$	<input type="checkbox"/>
Mobile phone	\$	\$	<input type="checkbox"/>
Other	\$	\$	<input type="checkbox"/>
<b>Expenses: Insurance &amp; Financial</b>			
Health insurance	\$	\$	<input type="checkbox"/>
Other insurance	\$	\$	<input type="checkbox"/>
Credit cards	\$	\$	<input type="checkbox"/>
Other loans	\$	\$	<input type="checkbox"/>
Savings	\$	\$	<input type="checkbox"/>
Other	\$	\$	<input type="checkbox"/>
<b>Expenses: Personal &amp; Medical</b>			
Medication (not covered by health insurance)	\$	\$	<input type="checkbox"/>
Medical, dental & eye care costs (not covered by health insurance)	\$	\$	<input type="checkbox"/>
Education	\$	\$	<input type="checkbox"/>
Other	\$	\$	<input type="checkbox"/>
<b>Expenses: Entertainment</b>			
Restaurants	\$	\$	<input type="checkbox"/>
Movies & music	\$	\$	<input type="checkbox"/>
Other	\$	\$	<input type="checkbox"/>
<b>Expenses: Transportation &amp; Auto</b>			
Public transportation	\$	\$	<input type="checkbox"/>
Car expenses	\$	\$	<input type="checkbox"/>
Other	\$	\$	<input type="checkbox"/>
<b>Expenses: Other</b>			
	\$	\$	<input type="checkbox"/>
	\$	\$	<input type="checkbox"/>
	\$	\$	<input type="checkbox"/>
	\$	\$	<input type="checkbox"/>
	\$	\$	<input type="checkbox"/>
<b>Total Expenses</b> (sum of all expenses)	\$	\$	<input type="checkbox"/>
<b>Net Savings or Loss</b> (subtract Total Expenses from Total Income)			
	\$	\$	



# Reworking your work-from-home budget

If you're working from home, here are five key areas where you might see some savings and some surprise spending changes:

## 1. The kitchen

### Potential savings:

- Not eating out as often

### Hidden costs:

- Spending more on groceries

### Better money habit:

- Meal planning and making the most of your left-overs



## 2. The garage

### Potential savings:

- Commuting costs (gas, tolls, public transportation, vehicle maintenance)

### Hidden costs:

- Recurring commuter charges

### Better money habit:

- Consider how many vehicles are needed in this new time



## 3. The playroom

### Potential savings:

- Less childcare needed if you are at home more

### Hidden costs:

- Covering the gap of the childcare or remote learning support your family needs

### Better money habit:

- Explore schedule flexibility options with your employer



# Reworking your work-from-home budget

If you're working from home, here are five key areas where you might see some savings and some surprise spending changes:

## 4. The wardrobe

### Potential savings:

- Not buying as many new items or needing drycleaning

### Hidden costs:

- Impulsive shopping trends are on the rise

### Better money habit:

- Separating *wants* from *needs* onto different shopping lists



## 5. The home office

### Potential savings:

- Consult a tax professional to see if any home-office costs are tax deductible

### Hidden costs:

- More time at home can increase your utility costs

### Better money habit:

- Consider energy-smart improvements



# Explore your options for emergency cash



1

Personal loans

2

Credit cards

3

Your home

4

Life insurance

5

Retirement accounts



# Emergency cash options

OPTIONS	WHAT TO KNOW
Personal loans	You'll need good credit to qualify for a personal loan, but if you do, rates can be lower than what you'll pay on a credit card.
Credit cards	If you're in good standing contact your credit card issuer or go online to see if you can bump up your credit limit, which may let you charge more or take a bigger cash advance as an emergency measure. Just remember, you will pay interest on these balances and cash advances do not receive a grace period.
Your home	If you own a home, you may have built up equity that you can tap into using a home-equity line of credit (HELOC).
Life insurance	If you have a permanent life insurance policy, you typically can access a portion of its cash value through a withdrawal or policy loan.



# Emergency cash options

## OPTIONS

## WHAT TO KNOW

### Retirement accounts

- With a Roth IRA, you can withdraw your contributions tax- and penalty free
- While your retirement account may be a tempting source for cash, just remember that any withdrawals you take are still subject to taxes, though payments can be spread out over three years and if the money is repaid in that period you may be able to get some or all of the taxes returned.
- If you're in an emergency situation, carefully weigh the choice of taking money out of your retirement account versus other options

- Similarly, given the recent stock market volatility and tight budgets, you may be tempted to pull back on retirement contributions to your employer sponsored plan or to pull investments out of the market.
- But by investing regularly through automatic payroll contributions, you're buying at a lower price when stocks have gone down.
- If you can, continue contributing enough to earn your employer's full match.





# Emergency Cash: What are your options

<https://bettermoneyhabits.bankofamerica.com/en/debt/how-to-get-emergency-money>





# Emergency cash options: Takeaways

1

**Remember, every loan carries risk—make sure you understand those risks before making a decision.**

2

Learn more about these options for borrowing [here: “Emergency Cash: What Are Your Options.”](#)

3







Learn more about all the help Bank of America is offering its customers at [the Client Assistance Program website.](#)



# Your longer term opportunities



# What an emergency fund should cover

RENT		GROCERIES		UTILITIES		LOANS		OTHER		TOTAL
	+		+		+		+		=	
\$600		\$200		\$100		\$100		\$200		\$1,200

\$1,200

x

3 months

=

\$3,600



# Jump-start your emergency fund

1

Know your number

2

Pick something and cut it

3

Make it a routine

4

Don't be tempted



# Understanding Home Equity line of credit (HELOC)



- Even if you don't need access to cash right away, considering a home equity line of credit (HELOC) may be a way to secure assets now if you need them in the near future
- Can be used for repairs and upgrades, unexpected medical bills or education expenses down the road
- With this credit line available, you may be less tempted to tap into your 401(k) or IRA for a big-ticket item



# Understanding Insurance



- Now's also the time to make sure you have adequate life, disability and homeowner's insurance.
- If you have an eligible high-deductible health insurance plan, consider funding a health savings account (HSA).
  - You won't owe taxes on the money you contribute, and the withdrawals you make to pay for qualified healthcare expenses are tax-free too.

# Lower your borrowing costs

You can take some steps now to reduce your monthly loan payments and free up money in your budget:

## Refinancing:

- With mortgage rates especially low, consider refinancing your loan. Look at how long it will take for lower monthly mortgage payments to make up for closing costs. As a general rule of thumb, refinancing may make sense if you can cut your interest rate by at least 1 percent.

## Credit cards:

- If you're paying down a credit card balance, think about switching to a card with a lower interest rate. With a history of on-time payments and good credit you may be able to qualify for a low-rate or even zero-percent balance transfer offer.



**Preemptive planning, reaching out to companies and creditors and knowing how you can access some of the options in government relief packages could make a big difference.**



# What do 0% interest rates mean for you?



- What will happen to mortgage rates?
  - Will student loans cost less?
- Will your credit card rates come down?
- How do low rates affect your savings?





# Cyber security during coronavirus: Protect yourself online

Be alert for the most common types of cybercrime attempts:



## Phishing

Phishing messages are emails that appear to originate from known or credible sources, but are in fact from cyber criminals trying to gain access to your personal information, often in order to infect your devices with malware.



## Vishing

Vishing attempts are phishing threats that utilize phones and voice as their delivery method. Robocalls are a method used to scam people and businesses out of data and money. Criminals often create a sense of urgency in order to incite quick responses from their targets.



## Apps

News apps can help you stay current with latest developments, but you must ensure all apps you download to a device come from reliable sources. Cyber criminals can create apps that appear to be credible but, when downloaded, infect devices with malicious software.



## Websites

As people seek current information, cyber criminals also are spoofing websites that provide updated information about the coronavirus, hoping that visitors will click on embedded links.

# Cyber security during coronavirus: Protect yourself online

How to proactively protect your personal information and devices:

- **Only use wireless networks that are secured** and require a password.  
Be sure to change the password on your home router from the factory setting, and create a new password that is at least eight characters long.
- **Restrict your use** of all public Wi-Fi networks. If you must rely on a public network, use a virtual private network (VPN).
- **Don't fall for the bait** and verify the URL of any site you visit, particularly if you are loading it for the first time in your browser.
- **Don't respond** to emails from unknown senders or click on any links embedded in these messages.
- **Verify messages** even if you know the recipient. Cyber criminals use social engineering to impersonate people you may know through email or social messaging. Call the sender if you see anything suspicious in the message.
- **Keep your systems and software updated**, as system and software updates ensure that the latest security patches are installed on your devices.



Better Money Habits® *Money Talks*: a series of real conversations to help you navigate the financial impacts of more time at-home, income disruption, and balancing family financial priorities

*Watch now on [BetterMoneyHabits.com](https://www.bettermoneyhabits.com)*



Episode 1:

[www.BetterMoneyHabits.com/homehabits](https://www.BetterMoneyHabits.com/homehabits)



Episode 2:

[www.BetterMoneyHabits.com/moneytalks](https://www.BetterMoneyHabits.com/moneytalks)



