

Managing Your Money During Crisis – Transcript

Financial Wellness is just like anything else: It takes a little discipline and some good advice. At Golden 1 Credit Union, we're here to help. As a not-for-profit, member-owned credit union, our main goal is to help you reach your goals. Providing financial advice and education is another way of doing just that. Whether you're trying to make a major purchase, start an investment fund, or have some peace of mind, Golden 1 is your financial partner and together we can be golden.

Welcome to the Golden 1 Credit Union Financial Wellness Podcast. I'm Martin...

...and I'm Rebecca!

Thank you so much for joining us. These days it feels like everything changes day by day. One moment we are going out to get coffee and the next moment we are sheltering in place. There's a lot of uncertainty, but we are here to help you get some focus and clarity with your finances, even when everything around you is uncertain.

That's right. Your money is one of the few things you can take control of right now. Plus, with proper management, you can make sure you're in a better position in case something like this happens again.

Rebecca, other than building a budget...

Yay budgets!

...what is the other thing that we are always encouraging our listeners to do?

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Yes, of course, but the OTHER other thing.

Stay golden!

Ok, I guess we do a lot of encouraging, but I'm talking specifically about setting up an emergency fund.

That was going to be my next answer! The importance of an emergency fund has never been more clear than right now. Martin, what exactly is an emergency fund?

An emergency fund is a fund that you have readily available in a liquid account in case of emergencies. A comprehensive emergency fund should be able to cover 3 months of essential expenses for a single person, or 6 months of essential expenses for couples or families. And what do we mean by "essential expenses"?

An essential expense is something that you have to pay for in order to continue living your life. Things like your housing payments, either mortgage or rent, your electricity bill, your food bills, gas for your car, insurance...

...getting coffee at my favorite coffee shop every morning?

No, Martin. That's what I would call a WANT and not a NEED. Believe it or not, coffee isn't an essential expense.

An emergency fund doesn't mean you have enough money saved up to keep living your life as you're used to living it. You may have to make some changes to your spending habits in order to make it work.

Yep. Essential expenses does not cover streaming video services, or even cable. Only what you need in order to eat meals daily, keep a roof over your head, and ensure you can get from point A to point B.

It's not always easy to save up that much money without a clear goal in sight. It's easier for us to save money for a vacation or a new car, because we can see the progress we are making towards our goal.

Saving for an emergency fund takes time and discipline, but if you look at the world we're living in right now with record levels of unemployment and a long road to recovery, it's easy to see why having a few months of essential expenses saved up can come in handy.

One of the best ways to start building that fund is to take a very serious look at your current expenses and find the things you're willing and able to cut out.

This is the hardest part, but if you take the time to break down your budget you'll always find little things here and there that are non-essential.

For example, take a look at your streaming services, you might be paying for more than you think...

...the daily trips to your favorite coffee shop...

...and it wouldn't hurt to call your car insurance company and ask them about a reduced rate because you may not be driving as much as you used to.

Speaking of driving, I don't know about you, Rebecca, but I'm driving a lot less than I used to. I've been able to take that money I would normally spend on gas, and put it into a savings account.

Not to mention the money we used to spend going out to dinner with friends, or going to the movies.

And, you know, many student loan payment due dates have been pushed back so take that extra money each month and save it for a rainy day.

Every little bit that you can trim from your expenses will help you if you're ever facing an unexpected loss of income.

Of course we all hope that something like this pandemic never happens again. But if it does, we want you to have the tools and resources you need to get through it.

Reconfiguring your budget so that you can start putting a little bit aside in case of emergency is a great place to start.

So true. Things change. It's one of the few things we can be sure of. When it comes to your budget, one size doesn't always fit all.

One important thing that I like to tell participants in our workshops is that you should, figure out a budget that works for you and your family right now.

Even if you're making less money than you used to?

Especially then. Think about it; if you can build a budget so that you can afford all the things that you NEED by eliminating some of the things you WANT you'll learn to live without all the extra things that you didn't need in the first place.

I get it. So, when you get a promotion or land an awesome new job and you start making more money, you can still use that old budget because you made it work before, right? You can take that extra money you make now, and use it to fill your savings account or pay off some debt.

Can we also talk about how much money you can save because you don't have to keep updating your wardrobe?

I didn't have nearly enough comfortable clothes to wear while I was working from home, so I actually ended up spending more money at first. Don't worry, I'm super comfy now.

Phew. I was worried.

I'm sure you were.

But we still have to look professional for all of those video meetings. I still have to do my hair, put makeup on, and pick out an outfit whenever I meet with coworkers. Trust

me, it's not all sweatpants and uncombed hair at my house.

And, just think, if you used to get a manicure and a pedicure every two weeks, you are saving more than \$100 a month! So, in the last 3 months you could have added \$300 to your emergency fund!

We know it's hard out there right now and diving deep into your finances probably isn't something you're looking forward to, but if you take the time to really analyze your spending habits, you could find quite a few expenses that you can either reduce or eliminate altogether.

Change is hard. Reconfiguring your comfortable life is not an appealing prospect, but focus on your happy, healthy financial future and it'll all be worthwhile.

Thank you so much for joining us today. This has been Rebecca...

...and Martin, wishing you financial health and happiness and, as always, reminding you to...(both)...**stay golden!**

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