

FinancialConnect®

What should I do if I was just laid off?

You should contact your state's department of employment security. You can find links to your state's resources at <https://www.usa.gov/unemployment>. Unemployment is a benefit that will provide you a minimal level of income while you are out of work.

What should I do with my retirement plan?

First, keep in mind that downturns happen periodically. While the current downturn hit all at once, losses of 30-35 percent do happen. Events such as 9/11, the housing bubble and even Y2K have provided ample evidence of this. Once such an event happens, fear is a natural response. Investment decisions made out of fear are poor decisions. Fearful investors tend to sell after substantial losses. Investors who do sell as a result of fear are often unwilling to get back into the market as things start to improve. This leads to missing out on investment gains as the market recovers.

While it is sensible to regularly revisit your asset allocation and make sure you are not taking too much risk based on factors such as your age, retirement date and income needs, it is probably best not to do this while the market is seeing great levels of volatility or daily change. Those investors who held their positions after 9/11, and didn't give into their fear, saw their portfolios recover and reach new heights within a year. The same scenario played out about three years after the housing bubble. Someone recently said something appropriate for current conditions: "The time to get off the roller coaster isn't during the ride."

What should I do if I can't pay my mortgage?

For federally backed loans from Fannie Mae and Freddie Mac, there are substantial new safeguards in place. Among these safeguards are:

- Providing mortgage forbearance for up to 12 months
- Waiving assessments of penalties and late fees
- Halting all foreclosure sales and evictions of borrowers living in Freddie Mac-owned homes until at least May 17, 2020
- Suspending reporting to credit bureaus of delinquency related to forbearance
- Offering loan modification options that lower payments or keep payments the same after the forbearance period

You can find more about these loans at:

<https://www.fanniemae.com/portal/media/corporate-news/2020/covid-homeowner-assistance-options-7000.html> and <http://www.freddie.mac.com/about/covid-19.html>

For loans that are not owned by Fannie Mae or Freddie Mac, the best thing to do is to call the lender directly to discuss your circumstances. Most large lenders are putting plans in place to assist home owners during the pandemic. This help could be in the form of reduced payments or even no payments for a set period of time. The important thing to do is to make sure your lenders know if you, or a partner, have been unable to work as a result of the Covid-19 virus.

What should I tell my creditors if I am unable to work due to Covid-19?

There are a number of safeguards that have been put in place to help during the Covid-19 pandemic.

- Federal student loan payments are suspended for two months, backdated to March 15. Interest rates on these loans are reduced to 0% during this period.
- You may also be able to file for a deferment or forbearance for federal student loans. This may give you up to a year in which you do not have to make payments. Interest will continue to accrue.
- Visit www.studentaid.ed.gov and <https://www.moneysolver.org/covid-19-student-loan-relief/> for more information on options for government backed student loans.

- Many mortgage and home equity lenders are allowing borrowers to skip their payments for the month of March with minimal paperwork.
- For consumer debt, car loans or credit cards you should contact your creditors and explain your situation. Many lenders have plans in place to help people who have been affected by Covid-19. Visit <https://www.creditkarma.com/advice/i/coronavirus-credit-card-relief-options/> for more information.
- There is a plan in the works to allow retirement plan participants to take in-service distributions from their plans with no tax penalty.

Will my health insurance continue if I lose my job?

Almost 50 percent of Americans get their health insurance coverage as a benefit through their employers. A loss of a job usually means a loss of insurance. Here are some options to continue coverage or replace coverage to weather the storm.

- COBRA, or Consolidated Omnibus Budget Reconciliation Act, coverage allows you to extend your coverage for up to 18 months through your former employer's plan. COBRA is generally available to workers at companies that employed at least 20 employees and can usually be set up through HR. Premiums will likely rise under COBRA as the former employee is required to pay both their part of the premium, the employer's part and a service fee of up to 3 percent of the premium.
- If you are married you may be able to obtain coverage under a spouse's plan. This may be a lower-cost option than COBRA.
- If you are under 26 you may be able to obtain coverage through a parent's plan.
- You may also obtain coverage through the Health Insurance Marketplace if you lose your job due to Covid-19. Premiums may be as much as \$450 a month for a silver plan for a single individual, although subsidies may reduce this considerably. Coverage starts the month following the month in which your job was lost. <https://www.healthcare.gov/>
- You may also qualify for Medicaid if you meet income and asset limits. This link will let you determine if you can obtain coverage through Medicaid. <https://www.healthcare.gov/lower-costs/>