

Financial Wellness in Post-Pandemic Times

The Covid-19 pandemic has driven home the importance of preparing financially for times of economic uncertainty. Such preparedness promotes financial wellness and eases the emotional and physical stress associated with challenging times. The following suggestions are presented to assist you with planning for financial wellness in post-pandemic times.

Improve Financial Literacy

If you find it difficult to understand how money works, now is the time to improve your knowledge about financial matters. Start slowly reading one article or listening to one podcast at a time. Take notes on terms that you do not understand. Ask people knowledgeable on these topics to help you understand. Informed family and friends may be helpful and quite approachable. Check out government resources such as Mymoney.gov (USA) and Canada.ca (CAN). For more advance learning opportunities, consider in-person or online courses, as well as clubs that focus on finances such as investment clubs.

Increase Savings

The best savers are those who commit to a savings plan. This begins with creating a budget to understand how much money is coming in and how much is going out. The next step is to dedicate a portion of one's budget to the purpose of savings. A rather reliable formula is 50/30/20. Allocate 50% of your income toward household needs, 30% for wants, and 20% or more towards paying down debt and savings. Getting to the 20% savings goal may require reducing household expenses or moving some needs into the wants category. In some situations, increasing household income may be helpful.

Replenish Emergency Funds

Prior to the pandemic, it was usually recommended to have an emergency fund that allowed for three to six months of living expenses. The pandemic revealed that this time frame may be too short. Regardless of whether you had to dig into your



emergency funds, plan to replenish it – or pad it for longer periods of time targeting 12 months.

Pay Off High-Interest Debt

Review the interest rates, fees and conditions associated with all debt. Refinance high-interest debt to lower interest rates, when possible. Seek the guidance of a financial expert to understand options such as credit card transfers and loan consolidations.

Apply Mindfulness to your Planning

Mindfulness is an approach for being present in the moment. It means being conscious to both your environment and your internal state. It can assist you in being aware of how you approach spending and how you are influenced to spend. Such awareness can result in less impulsive behavior and more intentional decision-making. Mindfulness can also assist you with matching your financial practices with your values and priorities.

To learn more about personal money management topics or to practice mindfulness, contact Carebridge at 800.437.0911.

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