

ALLEVIATING FINANCIAL STRESS RELATED TO COVID-19

Presented by

Stacey Braun
ASSOCIATES, INC.

Provider of the NYSUT Member Benefits Financial Counseling Program

About Presenters

Stacey Braun Associates, Inc.:

- ❑ Investment Advisory and Financial Planning Firm established in 1977.
- ❑ 95% of clients are Unions and Union Members.
- ❑ Provider of the NYSUT Endorsed Financial Counseling Program

Presenters:

Gerry McGahran

Certified Public Accountant
(Inactive NJ)
IRS Enrolled Agent
Certified Financial Planner (CFP)



Paul Kiley

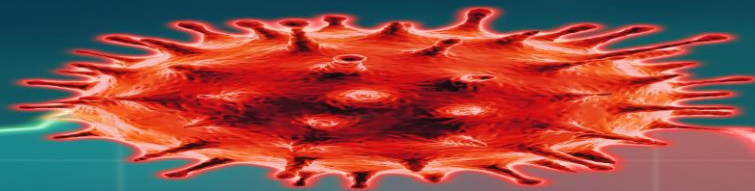
Masters of Taxation
IRS Enrolled Agent
Certified Financial Planner (CFP)

Alleviating Financial Stress Related to Covid-19



Effect of Covid-19 on Economy

- ❑ 38.6 million people have filed for unemployment since lockdown began in mid-March
- ❑ 14.7% official jobless rate in April with May now approaching 20%
- ❑ 47% of adults or a member of their household have lost employment income (US Census Bureau)
- ❑ Retail sales fell 16.4% in April, now totaling a 23% drop in the past two months
- ❑ US industrial production fell by the most in 101 years
- ❑ US oil prices turned negative for the first time in history.
- ❑ Hertz, Gold's Gym, JC Penney, J. Crew, Modell's, Neiman Marcus all filed for bankruptcy
- ❑ Gross Domestic Product (GDP) -4.8% in first quarter



Cash Flow

- ❑ What are your sources of income?
 - ❑ Pension
 - ❑ Social Security
 - ❑ Other Income

How are they affected?



Pension & Social Security

- ❑ Pension – NYSTRS or NYSERS
 - ❑ NYSTRS – 99% Funded
 - ❑ NYSERS – 96% Funded (as of 2019)
 - ❑ One of Best Funded in Nation (80% is guideline)
- ❑ Social Security
 - ❑ Under current laws – funded until 2035
 - ❑ If nothing is done, benefits may be reduced by 20-27% at that time



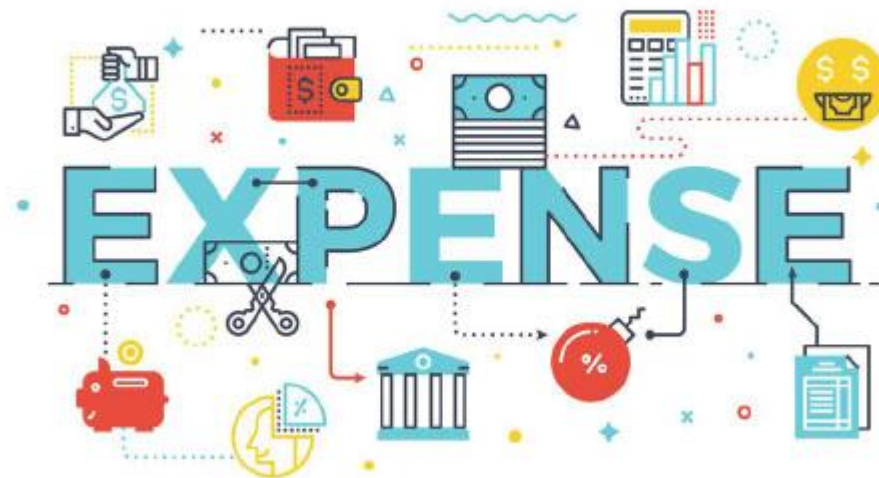
Other Income

- ❑ Spouse/Partner Income
- ❑ Part Time Employment
- ❑ Rental Income
- ❑ Investment Income



Budget

- When in time of crisis, its best to know your expenses
- Need to know where your money is going to determine if changes need to be made
- Do you have a surplus or a shortfall?



**PERSONAL BUDGETING
WORKSHEET**

NAME: _____

DATE: _____

STEP 1 – BUDGET WORKSHEET

FIXED EXPENSES	Rent/ Mortgage:	_____ mo	_____ yr
	Electricity/Gas:	_____ mo	_____ yr
	Telephone:	_____ mo	_____ yr
	Cable/ Internet:	_____ mo	_____ yr
	Transportation:	_____ mo	_____ yr
	Insurance:	_____ mo	_____ yr
	Groceries:	_____ mo	_____ yr
	Childcare:	_____ mo	_____ yr
	Pet Care:	_____ mo	_____ yr
	Other:	_____ mo	_____ yr
Other:	_____ mo	_____ yr	
Other:	_____ mo	_____ yr	
	SUBTOTAL:	_____ mo	_____ yr
DISCRETIONARY EXPENSES	Clothing:	_____ mo	_____ yr
	Grooming/Beauty:	_____ mo	_____ yr
	Gym:	_____ mo	_____ yr
	Dining Out:	_____ mo	_____ yr
	Gifts/ Holidays:	_____ mo	_____ yr
	Entertainment:	_____ mo	_____ yr
	Vacation:	_____ mo	_____ yr
	Child Expenses:	_____ mo	_____ yr
	Other:	_____ mo	_____ yr
	Other:	_____ mo	_____ yr
Other:	_____ mo	_____ yr	
	SUBTOTAL:	_____ mo	_____ yr
	***** TOTAL EXPENSES:	_____ mo	_____ yr

STEP 2 – INCOME & EXPENSES

INCOME	Salary (After Tax):	_____	mo*
	Other Income:	_____	mo
	Other Income:	_____	mo
BUDGET TOTAL	Salary (After Tax):	_____	mo
	- Fixed Expenses	_____	mo
	- Discretionary Expenses	_____	mo
	TOTAL SURPLUS / DEFICIT:	_____	mo*

STEP 3 – FILLING THE GAP

If the above figures next to the Asterisk (*) are different, you most likely spend more than you have accounted for during the Step 1 exercise. With the help of you credit card, debit card, and checking account statements, review your expenses and enter any additional items not previously accounted for.

ADDITIONAL EXPENSES		(Expense Name)	(Cost)
	Expense:	_____	_____
	Expense:	_____	_____
	Expense:	_____	_____
	Expense:	_____	_____
	Expense:	_____	_____
	Expense:	_____	_____
	Expense:	_____	_____
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	Expense:	_____	_____
	Expense:	_____	_____
TOTAL ADDITIONAL:	_____	_____	

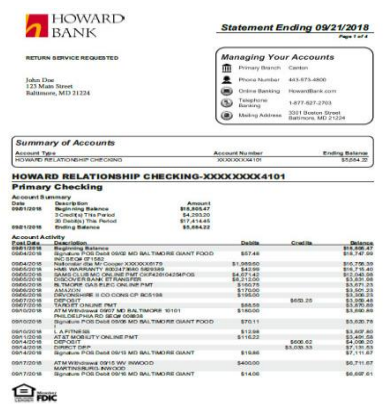
Budgeting for Retirement

On paper or online?

Paper

Websites: Mint, Budgetracker, smartaboutmoney.org

Apps: Mint, Pocketguard, Goodbudget



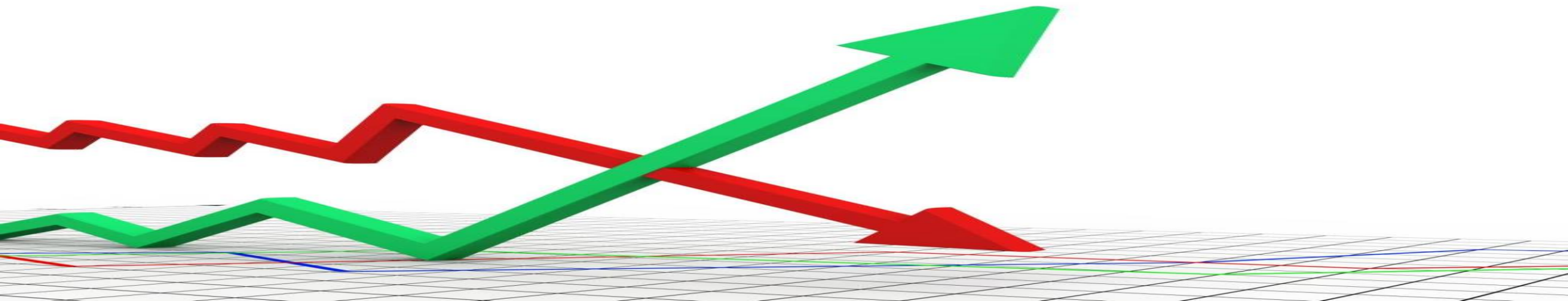
Basic Types of Investments

- ❑ Cash
 - ❑ Liquidity, Emergency Fund, short-term needs (0-3% Return)
- ❑ Bonds
 - ❑ Income, safety, stability, conservative growth (3-6%)
- ❑ Stocks
 - ❑ Long-term Investing, volatility, long-term growth (7-10%)
- ❑ Other
 - ❑ Real Estate
 - ❑ Commodities (e.g., Metals, Currencies)



Market Volatility

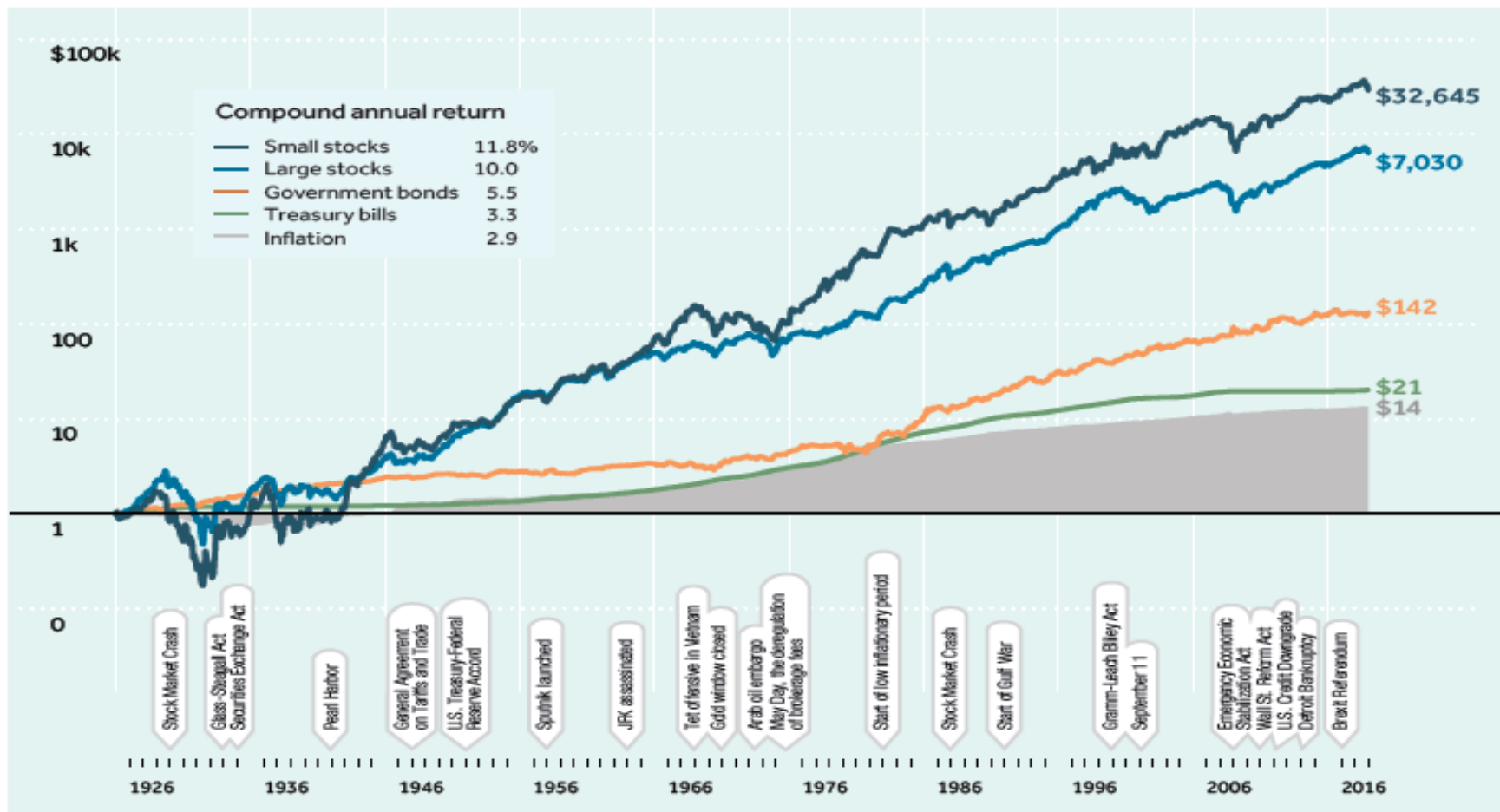
- ❑ Higher risk = greater return
- ❑ Higher risk = market volatility
- ❑ Avoid rash or emotional decisions
- ❑ Buy and hold for long term accounts
- ❑ Keep short term accounts safe



Stocks, Bonds, Bills, and Inflation 1926–2018

Why invest?

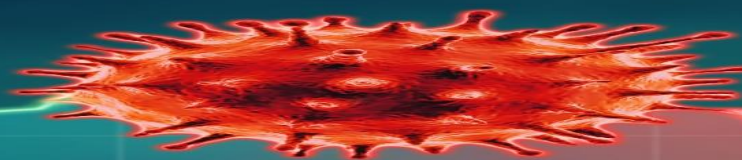
If you have financial goals, such as a secure retirement or paying for a college education, investing makes sense. As you can see here in the growth of \$1 over the past 93 years, small-cap stocks, large-cap stocks, government bonds, and Treasury bills should all have a place in a properly allocated long-term investment plan.



Past performance is no guarantee of future results.

Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly into an index. © 2019 Morningstar, Inc. All rights reserved.

Coronavirus and the Markets



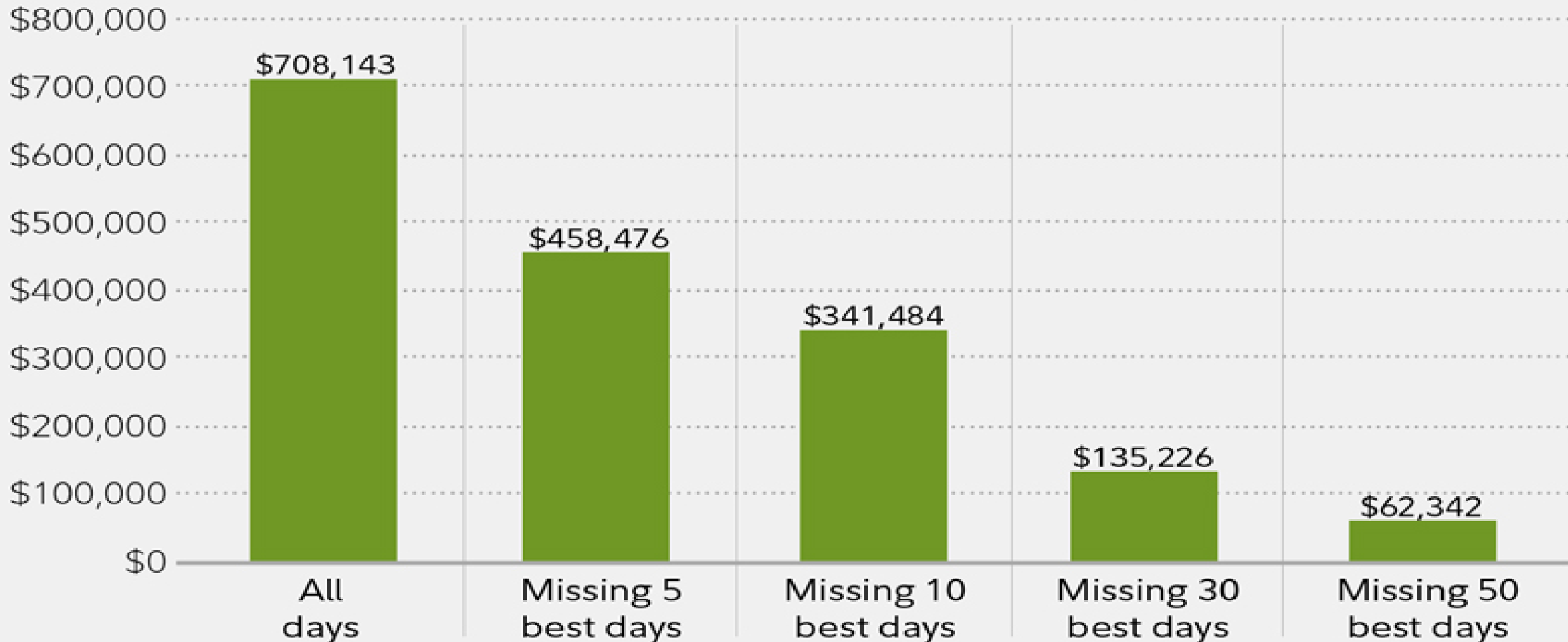
Timing the Markets / Emotion

- ❑ Timing the markets – you have to be right twice! When to get out, when to get back in. Most investors aren't right once!
- ❑ Markets driven by fear and greed. When fear is at its highest, investors sell. When greed is at its highest, investors buy.
- ❑ It's important to remove those two emotions from your investment strategy!



Timing the Markets / Emotion

Growth of \$10K invested January 1, 1980



The SECURE Act

- ❑ Raises the age when Required Minimum Distributions must commence from 70.5 to 72
- ❑ Eliminates the former stretch-out-over-lifetime distribution schedule that a non-spouse beneficiary could pursue. Inherited Retirement Accounts now need to be withdrawn within 10 years of death.



Coronavirus, Aid, Relief and Economic Security Act

- ❑ Signed on March 27, 2020
- ❑ \$2 Trillion Relief Effort



Coronavirus, Aid, Relief and Economic Security Act

- ❑ Stimulus Rebates
- ❑ Unemployment Expansion
- ❑ Retirement Plan changes
- ❑ Income taxes
- ❑ Mortgages
- ❑ Credit Reporting



Income Taxes

- ❑ Tax filing and payments for tax year 2019 have been extended to July 15, 2020
- ❑ Extension of Roth and IRA contributions to July 15, 2020
- ❑ Required Minimum Distributions Suspended for 2020 (age previously increased to 72)
- ❑ \$300 “above the line” charitable contribution deduction for standard deduction filers

Contact www.IRS.gov for tax questions or rebate information



Mortgages

- ❑ Federally backed mortgages 180 day forbearance for those facing hardship due to virus
- ❑ No foreclosures for 60 days
- ❑ Contact your mortgage servicer for more information (even if not federally backed, you may have options)
- ❑ Visit <https://www.knowyouroptions.com/loanlookup> and <https://ww3.freddiemac.com/loanlookup/> to determine if your mortgage is federally backed



Credit Reporting

- ❑ Reports to credit agencies must show accounts current during National Emergency Period
- ❑ Must have worked an agreement with your creditor – can't just stop making payments



Budgeting, Investing, and Financial Recommendations

- ❑ Increased importance of Emergency Fund
- ❑ Consider deferring non-essential purchases
- ❑ Anxiety, uncertainty, and developments can quickly move financial markets:
 - ❑ Avoid making hasty investments if can't afford to lose money
 - ❑ Avoid making emotional buy/sell decisions
 - ❑ Resist temptation to try to “time” the market; stick to long term plan
- ❑ Re-financing and/or HELOC opportunities should be explored:
 - ❑ Consider re-financing a mortgage to take advantage of lower rates
 - ❑ Arrange or preserve access to a Home Equity Line Of Credit (for emergencies)



Beware !!!

- ❑ Scammers take advantage of fear and anxiety, making use of regular mail, email, social media, false websites, texts, and phone calls to deceive.
- ❑ False assertions often promote “new” or “now-tested” products which will address an individual’s desire for:

Prevention	Treatment
Testing	Cure
- ❑ Even products which plausibly exist (e.g., “special” masks, gloves, sanitizers) are promised, in exchange for a credit card number. The goods, of course, never arrive.



Serious Financial Consequences Can Occur!

Scammers very often dangle the prospect of immediate financial gain -- provided an individual acts instantly.

- ❑ Phone calls or emails can promise credit card “balance forgiveness” as long as an individual’s eligibility can be “confirmed” – by disclosing card details, including PINs, expiration dates and security codes.
- ❑ “Special Assistance Funds” are now available from Fictitious Agency -- and will be directly deposited -- as long as an individual can provide an account number, PIN, Date of Birth, and Social Security number.
- ❑ Brokers” call, offering an urgent, last-minute opportunity to invest in a company on the verge of developing the cure – of course, promised stock certificates will never arrive.
- ❑ In outrageous cases, calls (or emails/texts with links) seek contributions for “those suffering” from the virus -- or for front-line workers who have contracted the virus -- along with the promise of tax-deductibility.



What To Do ???

Most often, **JUST SAY NO!**



- ❑ In no circumstances should credit card, personal, account, or other sensitive information be given out in response to a phone call or a link in an email or a text.
- ❑ Reject calls, delete emails and texts from unknown sources.
- ❑ Never rely upon a link from an unknown source to transport you to a website, even if the destination looks like what you might expect.
- ❑ Keep in mind that a legitimate Federal or State agency (including the IRS) wishing to contact you will do so in writing.

NYSUT Member Benefits

Financial Counseling Program

Full Service, 403b Advisor or Group Option

Full Service Program

- ❑ \$260 per year w/ Telephone & Personal Consultations (up to 6 hours per year)
- ❑ Website & Email Helpdesk
- ❑ In-person meetings at Stacey Braun's NYC office or NYSUT Regional Offices
- ❑ Discuss ANY financial matter

403b Advisor Program

- ❑ \$95 per year over the phone w/ topics pertaining to 403b only (total 90 minutes limitation per year)

For questions about the NYSUT Member Benefits FCP:

Contact NYSUT Member Benefits at (800) 626-8101 or online at www.memberbenefits.nysut.org.

*Stacey Braun is prohibited from selling any investment or insurance products
Stacey Braun is not affiliated with any 403(b) providers*

Stacey Braun

ASSOCIATES, INC.

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Benefit**

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