

# Financial Tips for Navigating COVID-19

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# SPECTRUM

## INVESTMENT ADVISORS

**Jonathan Marshall**  
Chief Investment Officer

**James Marshall**  
Chairman/Founder

The Coronavirus disease (COVID-19) is impacting most households across the country. The resulting lost income from "stay at home" orders, business closures, reduced hours, job furloughs and layoffs, is causing many to explore options of how to manage their financial obligations during this uncertain time. We have compiled a few ideas that may be helpful to you, a family member or friend, on how to deal with a variety of today's financial deadlines and challenges. Many of these opportunities are made available through the Coronavirus Aid, Relief and Economic (CARES) Act legislation that was signed into law on March 27, 2020.

**If you are having trouble making financial payments, don't hesitate to contact your providers to discuss your options. Not making payments could impact your credit score.**

**Income taxes.** The CARES Act will provide some relief, but to be eligible you must have filed a tax return for either 2018 or 2019. Individuals will receive up to \$1,200 and married couples \$2,400, plus an additional \$500 per child. The payments will be available for incomes up to \$75,000 for individuals and \$150,000 for married couples. The rebate is reduced for individuals and married couples with income exceeding those amounts, up to \$99,000 and \$198,000 accordingly. Note that the filing deadline for tax returns has been extended to July 15, 2020. For more information about tax relief, go to [www.irs.gov/coronavirus](http://www.irs.gov/coronavirus).

**Home ownership.** Mortgage lenders are offering help to borrowers. In addition, President Trump directed the Department of Housing and Urban Development (HUD) to suspend all foreclosures and evictions for 60 days across the US.

**Mortgage refinance.** If your 30-year mortgage is over 3.5%, or your 15-year mortgage is over 3.2%, consider refinancing to a lower interest rate. A rule of thumb is, if you can save half a percent on your interest rate, it would pay to refinance. More information can be found at the [Federal Housing Finance Agency](http://www.fha.gov) website.

**Bank assistance.** The FDIC has recently given all banks a directive to help out COVID-19 affected customers, such as eliminating overdraft charges or late charges on loans. A number of credit card issuers are offering a reprieve to customers on monthly payments.

**Stay away from payday loans.** Interest rates can be as high as 300%.

**Student Loans.** If you have a student loan, contact your lender. You may be eligible to defer payments for a period of time. Check your lender's website to determine if there is a specific process to suspend your payments. More information can be found at the [Federal Student Aid](http://www.fsa.gov) website.

**Utility and service providers.** Investigate your phone/Internet/utility providers' payment options. Some electricity providers are saying they will not shut off lines if a customer misses a payment. With a job loss, you could qualify for free Internet service.

**Community programs.** Visit [211.org](http://211.org). This source for local social services information provides assistance with finding food, paying housing bills and other essential services.

**Retirement plan or IRA withdrawal.** IRAs and retirement plans may allow qualified participants to obtain a plan distribution or loans. The participant must fall into one of the following categories:

1. The participant, spouse or dependent has been diagnosed with SARS-CoV-2 or COVID-19 by a CDC approved test; or
2. The participant experienced adverse financial consequences because of the quarantine, layoff, reduction in hours, or loss of work because of lack of childcare or business closing. The foregoing includes self-employed situations.

More information on this option would be available from your employer or firm holding your account. We suggest this option as a last resort.

**Unemployment Benefits.** If you or a loved one has lost your job, file for unemployment. Benefits may be extended from 26 weeks to 39 weeks based on provisions in the CARES Act. The average weekly pay is \$385, plus an additional \$600 per week over the next four months, also made available by the CARES Act. To learn more about filing for unemployment benefits, go to [www.careeronestop.org](http://www.careeronestop.org).

**Market Timing.** Timing the stock market is something that even professional investors cannot consistently accomplish. Unless your goals for retirement have changed, you should not change your allocation to stocks. The simplest way to navigate this market is to rebalance your portfolio, which we have historically suggested to do in May of each year.

**Make good investment decisions, not emotional decisions.** An intelligent, long-term investor will continue to invest during a recession to benefit from the eventual transition back to optimism and higher stock prices. Emotions can play an outsized role in this transition from optimism to pessimism, creating volatile swings in market prices. If you're having trouble sleeping at night and cannot take the volatility, rather than to completely sell out of stocks, pull back in increments of 10% - 15%. To read our quarterly and special edition newsletters, visit our website at [www.spectruminvestor.com](http://www.spectruminvestor.com).

**Bottom line.** To successfully navigate through these challenges, focus on what you can control and make proactive decisions.

**Remember that times like these can reveal one's true character. Keep your sense of humor, smile if you can, tell someone you love them and don't lose hope. Hope and generosity are contagious; recognize this too shall pass. We can do this!**

If you need assistance with your investment allocation, please call us at 800-242-4735. For more on the markets, visit our website at [www.spectruminvestor.com](http://www.spectruminvestor.com) and click on Resources & Links.

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