

# RECONNECT CORNER

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## New Year, New You

With a new year comes a clean slate and opportunities for a fresh start. If you're still recovering from the bustle of the holidays and haven't started on those resolutions yet, don't worry! Now is the perfect time to tone your finances for 2019. Here are 10 ways to get started:

1. Write down your personal and financial goals
2. Develop or revise your monthly budget
3. Track your spending and find creative ways to save
4. Assess wants versus needs and commit to cutting expenses where you can
5. Build your emergency savings fund
6. Review your credit report at [annualcreditreport.com](http://annualcreditreport.com)
7. Develop a plan to reduce or eliminate debt



## JUMPSTART YOUR SAVINGS PLAN

An emergency savings account is one of the most important financial tools you can have. Experts suggest having 3-6 months of living expenses in an emergency fund, but if that seems unattainable, set a more realistic goal and build from there. With 2019 newly underway, here's a surefire plan to help kick start your New Year savings resolution into action!

The idea is simple – you commit to saving and build slowly over time by adding a little more each week. Start by determining where and how you'll save. Set up a savings account and review your budget to see where you can find additional dollars to save. The first week, save just \$1.00. It's that easy! The second week, save \$2.00. The third week, save \$3.00. Continue on, adding \$1.00 to the amount you save each week for an entire year.

With only 52 weeks in a year, you'll never contribute more than \$52.00 a week and you'll get into the habit of saving regularly. By the end of the year you'll have saved a total of \$1,378.00!

Once you're in the habit of saving, don't stop there. Continue making regular contributions to grow your savings. And remember, things happen so if an emergency occurs, make adjustments to your budget to replenish your savings fund as quickly as possible. For more saving strategies and information visit [MMI online](#) today!

8. Automate deposits, savings, and regular monthly payments
9. Review your insurance to ensure you have the proper coverage and best rates
10. Check out books, blogs, podcasts, or online classes to improve your financial fitness

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## Furlough Finances

Do you or your spouse work for the federal government? Has your family been impacted by the government shutdown? As of the writing of this article, the government is still shut down, impacting federal government workers across the nation as paychecks have stop coming. What can you do during and after the furlough to mitigate the impact to your finances? Here are four steps to help you get through the furlough:

### 1. Analyze your available resources

Look at all the ways you can impact cash flow into the household in the short term. First, tap your emergency savings – that's what it's there for. If you have been furloughed, you can apply for unemployment benefits in most states. Check your state's unemployment website. If you receive back pay, be aware you will have to pay back unemployment benefits, but getting the cash needed to pay bills and keep the household going now is worth the effort of filing.

If you have other members of the household who are working, consider having them temporarily change their tax and

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retirement withholding amounts on upcoming paychecks to increase take home pay.

Look for side jobs that can bring in cash quickly with little investment of up front resources: Uber or Lyft driving can quickly bring in cash. Sign up on Fiverr, FlexJobs, SolidGigs, or other freelance websites if you have a skill or talent such as writing, graphic design, Photoshop editing, customer service, or other talents. Look for local part time work that you can begin immediately, including babysitting and house cleaning. It's not glamorous, but it can bring in needed income. Also look around the house for items you can easily sell to generate some cash in a garage sale, on eBay, or on your local Facebook Buy/Sell page.

Many credit unions and banks are offering low or no interest loans to furloughed workers. Check with yours to see what options are available for temporary cash flow relief. Also, if you are a member of a union, check to see what benefits might be available, such as loans and grants.

Lastly, while it may be difficult to ask, don't forget that family and friends are there to support you in times of crisis and may be willing to give you a gift or loan if needed.

### 2. Create a priority-based spending plan

During a time of financial hardship, it can be difficult to prioritize spending and make cuts to the lifestyle you're used to. Use a take-no-prisoners approach to slashing your expenses. Cut all non-essentials such as subscriptions to Netflix, cable/satellite, and others. You will have to forego eating out and entertainment. Prioritize your secured debt payments-- mortgage and car-- along with the following: food, utilities, and insurance. These are the must-haves. Everything else will need to be deferred.

According to the Office of Personnel Management website, your health insurance coverage will continue during the furlough. Your portion of healthcare premiums will be taken out of your paychecks once they resume. Vision and dental may work differently. You might receive a bill to cover those premiums yourself while on furlough. You will need to prioritize insurance needs in your priority-based spending plan.

### 3. Work with your creditors

Many credit card companies, mortgage companies, banks, and credit unions are implementing programs to help those on furlough. They are offering payment forbearance—meaning that payments will be stopped or reduced during the furlough. Contact each creditor and ask for an unemployment forbearance. You should also contact your utility providers and ask for forbearance or a balanced billing option.

Credit card companies and banks are also waiving or refunding overdraft and late payment fees. Additionally, many creditors

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The articles in this newsletter are provided for informational purposes only and are not intended as credit repair or tax advice.

are suspending credit bureau reporting and will not report you as late or missed during the furlough if you contact them.

After the furlough, your creditors will work with you to bring your payments current or offer you a loan modification. It's up to you to contact each creditor, but many will work with you during this trying time. Be sure to keep good notes on who you talked to, the date, and what they offered you as a concession.



### 4. Recover strong

After the furlough is over, you will feel a sense of relief as life returns to normal. But, now is the time to plan for the future and monitor the impact of the furlough on your finances. After you return to work, contact all of your creditors to make arrangements to bring your accounts current. Make sure you understand the terms of the hardship programs.

Many creditors have committed to not report delinquencies for furloughed workers. Use [annualcreditreport.com](http://annualcreditreport.com) to review your credit report shortly after returning to work, then again about three months after that. Contact your creditors if you find any discrepancies. You can also place a consumer statement in your credit report if your creditors do report you as delinquent.

Now is also the time to start thinking about replenishing your emergency savings fund. Or, if you didn't have an emergency savings fund, now is the time to establish one. Make "paying yourself first" a priority in your post-furlough budget. Create a workable budget that sets aside money every paycheck into emergency savings. Do this through payroll deduction if possible so that you can automatically save. Start by building up a \$1,000 emergency fund, and then expand that to cover between three months of priority living expenses. Having emergency money in the bank can give you peace of mind during any crisis—unemployment, natural disaster, or just the everyday emergencies that happen in our families.