

Title: **Preparations necessary to address financial dips**

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Preparations necessary to address financial dips

The health and well-being of everyone in our communities is everyone's top priority. We understand the concern and uncertainty that people may be experiencing surrounding the coronavirus, COVID-19. As educators, we are committed to being responsive to everyone's information needs as the situation evolves and is reflected in the economic viability of our community's households and businesses.

Our specialty in the Hammond Institute at Lindenwood University is to help people understand the economy and learn how to lean on sound reasoning to navigate through its evolving changes. Here are a few guidelines:

- Remain informed. The website of the Centers for Disease Control and Prevention ([cdc.gov/coronavirus](https://www.cdc.gov/coronavirus)) provides reliable information and offers updates on how to best manage the health aspects of this virus.

- Educate and prepare. There are common-sense guidelines on how to navigate through any dip in the economy, an industry, your business, or your household. The unfortunate reality is that every economic expansion in U.S. history has been followed by a recession. Our current situation is no different. So, though we do not know when it will happen, we are confident that the current economic situation will be followed by thriving times.

Whether we're in the headed into recession or not, it is always good to

have a monthly budget. Your monthly budget provides a map of your finances and an account of what moves into and out of your financial house or business. Use it to discover ways to have more income coming in than go-

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ing out in a variety of circumstances.

Label every means by which incomes flows into your house or business.

Figure out what you have in emergency savings. These funds are what you can access when the unpredictable happens. Strive to have three to six months' worth of expenses placed here. This backup will give you a cushion during uncertain times.

Now, turn to your expenses. Separate them into two large categories: fixed and variable.

Fixed expenses are those contractual obligations that involve commitments to pay. Others depend on those payments. They include your rent or mortgage, car payments, student debt, leased equipment, and annual data plans. Until a contract expires or an agreement is made to exit, you have a firm commitment to make these payments. Give them high priority.

Next, list all of your variable expenses. Money spent on food, fuel, repairs, incidentals, clothes, personal care, entertainment and occasional visits to the gym fall into this category.

Dive down and go deep with these variable expenses. Separate the essential spending from all of the non-essentials. Highlight the essential spending that takes place during emergency times, when you've been called to go into "bare-bones" spending. Step away from all of the non-essentials and explore ways to possibly end contracts involving non-essential spending.

Simplify your financial life by directing your income and emergency savings to cover the essentials. Give attention to the difficult situation at hand. Get through it and know that many, many people have successfully taken tough measures to get through troublesome times.

Risks and uncertainties are present. Make them easier to manage with your budget. The guidelines provided here are not meant to cover every possibility. Nor do they guarantee smooth sailing in the future. They do, however, provide something that can become very familiar to you and help you in your life. That familiarity and help will make uncertain times a little easier.

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