smart money moves

FINANCIAL ADVICE FOR CHANGING TIMES

You told us your biggest money concerns revolve around adjusting to possible shifts—reduced income, a dip in the economy, a new job. We went to the experts for guidance that will keep you protected.

STRETCH YOUR MONTHLY BUDGET

Before you tap into savings to deal with an uncertain financial future, try these strategies.

stop paying for what you don't use

Start by looking at your monthly debit and credit card statements, says Tiffany Aliche, financial educator and founder of the website Budgetnista. "What are the recurring charges, even the small ones? Are you really using these services or subscriptions? (Haven't watched Hulu in months?) It doesn't matter how cheap, cancel it and put the money toward savings or something you really need."

open another bank account

Designating an account for your spending money for the month can help you stay on track. Calculate your monthly income minus fixed expenses—mortgage, car payments, retirement savings (ideally 20 percent of your gross income). Divide what's left by four weeks, and that's what you can spend on a weekly basis. Put that money in the separate spending account. (Make sure a certain balance isn't required to avoid fees.) Then when you're at, say, the grocery store, check available funds.

negotiate—with everyone

"Go to your landlord, your credit card company. Ask how they can help," says Jill Schlesinger, C.F.P., *CBS News* business analyst and host of the *Jill on Money* podcast and radio show. You might say, "My income has gone down, and I'm having a hard time making payments. What options do you have that could help temporarily?" Lenders may waive late fees or give forbearance, i.e., let you delay payments for a set time. (You'll have to pay the money eventually.) Take notes during the call so you can research options; follow up within a day.

CUT BACK RATHER THAN CUT OUT

Can you reduce how often you do activities or use services you enjoy? For example, order takeout once a week instead of three times.

Q "We're having financial challenges due to the pandemic. Should we sell our home and downsize?" MARIE, *New York*

If you expect your finances to recover in a few months, you may not need to make a permanent decision like selling your home. On the other hand, if you think you'll be in the same—or a worse—situation a year from now, consider the idea carefully. If a recent dip in income revealed that your mortgage has actually always been bigger than it should be, downsizing might make sense, says Hilary Hendershott, C.F.P., president and chief adviser of Hendershott Wealth Management and host of *Profit Boss Radio*. "If you're spending half your monthly income on your mortgage, it's too much." Also consider: Where will you live next? Will you sell your house and rent for a while to keep your assets liquid? Figure fees like closing and moving costs into your calculations.

BY MELANIE MANNARINO ILLUSTRATIONS LAURA LIEDO

SAVE WHAT YOU CAN

Q “How can I save money for retirement without an employer-sponsored 401(k) plan?”

ASHLEY, *Michigan*

research options

The best way to save for your future is to put away as much as you can—starting today. The most effective way to do that is to put money into a retirement plan you can't touch until you retire (or you reach age 59½) without paying a penalty.

Even if your job doesn't offer a 401(k), there are many great options you can set up on your own, including an IRA (individual retirement account) and a Roth IRA. The IRS *(irs.gov/retirement-plans)* has a comprehensive explanation of the differences between types of accounts. Both offer tax advantages, but one big distinction is that qualifying contributions to a traditional IRA are tax-deductible in the year they're made; withdrawals from a Roth during retirement aren't taxed.

automate contributions

This is the key to consistently building savings,-whether it's an emergency fund, a retirement fund, or even a vacation fund. “Tech has made it much easier to save successfully,” says Schlesinger, author of *The Dumb Things Smart People Do with Their Money.* Start with as little as $5, $10, or $20 that's automatically transferred weekly or monthly from checking to an IRA, Roth IRA, or investment account. “Start small so you form the habit,” Schlesinger says. “It's really easy to keep once you do.”

How to resist the urge to withdraw funds from your 401(k).

Think of it this way: It's the job of your younger self to look after your older self, Aliche says. That can be hard to remember in the moment, so she suggests giving your older self a name and a persona and thinking of her when you contemplate early withdrawal from retirement savings to pay bills. “My older self is Wanda, and she is sassy,” Aliche says. Once you have your persona, ask yourself, *Would I go to my grandmother's purse and take money out for whatever I think I need right now?* “If you take it, you're stealing from your future,” Aliche says. “It's better to do the hard work to fix the problem now—spend less money, get a side hustle, tap into an emergency fund—rather than dig yourself into a ditch in the future.”

SAVINGS GOALS

Experts estimate the average person will need 80 percent of their preretirement income every year after retirement. ■