

# Financial Survival Guide for the Coronavirus Pandemic

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The coronavirus pandemic is forcing people to follow a number of public health precautions just to survive.

To survive the resulting financial crisis, people will need to adopt some no-nonsense financial survival tactics too.

From managing spending and income to getting the most cost-effective use out of your savings accounts, here is a financial survival guide for the coronavirus pandemic.

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## The Coronavirus Financial Survival Guide

The urgency of [Federal Reserve](#) moves and government actions in the last 30 days should send a strong message to consumers:

**Acting quickly to manage cash flows and handle your finances through the next 90 days and beyond can make a huge difference in your financial survival over the long term.**

**How can you survive the impact of social distancing on your livelihood, the upheaval of financial markets, and how all of that affects your retirement savings?**

**Here's the short list:**

1. [Flatten the Curve on Spending - Now](#)
2. [Don't Eat Up Your Credit Limits](#)
3. [File for Unemployment Benefits Quickly](#)
4. [Use the Extended Tax Deadline to Your Advantage](#)
5. [Maximize What You Save - Online Banks Are Money-Makers](#)

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## Flatten the Curve on Spending - Now

"Flatten the curve" has become part of the national discussion. It refers to the effort to level off the number of new coronavirus cases. It can also apply to your finances.

### **Don't wait to rein in your spending; do it now.**

People tend to wait until they are almost out of money (or at their credit card limits) before they change their spending habits. By then, they're forced into making more painful choices.

Even if you haven't lost your job yet, and even if you still have some savings left or room in your credit limit, now is the time to slow spending to a bare minimum.

Why?

Because no one knows how long this crisis will last. The economic effects may be felt well beyond when the public health emergency is under control.

The best response is to budget now and make your resources last as long as possible. On the bright side, with many normal activities shut down, there's a lot less to spend money on these days.

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## Compare Savings Accounts offers:

Bank/Institution	APY*	Min. to earn APY	Type: Savings
 <b>HSBC Bank</b> <small>Advertiser Comments</small>	<b>1.70%</b> <small>Rates as of 4/16/2020</small>	<b>\$1</b>	<a href="#">Start Saving</a> <small>FDIC Insured</small>
 <b>Marcus by Goldman Sachs</b> <small>Advertiser Comments</small>	<b>1.55%</b> <small>Rates as of 4/16/2020</small>	<b>\$0</b>	<a href="#">Start Saving</a> <small>FDIC Insured</small>
 <b>Simple Bank</b> <small>Advertiser Comments</small>	<b>1.55%</b> <small>Rates as of 4/16/2020</small>	<b>\$0</b>	<a href="#">Start Saving</a> <small>FDIC Insured</small>

Rates / Annual Percentage Yield terms above are current as of the date indicated. These quotes are from banks, credit unions and thrifts, some of which have paid for a link to their website. Bank, thrift and credit unions are member FDIC or NCUA. Contact the bank for the terms and conditions that may apply to you. Rates are subject to change without notice and may not be the same at all branches.

## Don't Eat Up Your Credit Limits

Don't make the mistake of using credit to sustain your normal spending habits. Doing so adds heavy [interest costs](#) to your budget.

Also, credit cards may offer less of a safety net than you think if card issuers start tightening credit limits as the economy gets riskier.

Still, you may have to use credit card debt at some point to help see you through this crisis. Just view it as a last resort rather than a first response.

[>> Best Low Interest Credit Cards](#)

## File for Unemployment Benefits Quickly

Even if you've only been laid off temporarily, go ahead and file for unemployment benefits. Systems for handling these claims are experiencing delays due to high volumes, so there may be a lag between when you apply and when you start receiving benefits.

Those benefits should be retroactive to when your unemployment started, but a delay in receiving them can still hurt if you have bills to pay in the meantime.

The recently passed CARES Act extended unemployment benefits in response to the coronavirus pandemic. It also included self-employed and gig-economy workers.

So, even if you think you've used up your benefits or aren't covered by unemployment insurance, it's worth checking now to see if you're eligible.

## Use the Extended Tax Deadline to Your Advantage

The IRS extended the deadline for [filing 2019 returns](#) to July 15, 2020. Whether or not you should use the extra time depends on your tax situation.

If you expect to owe money, by all means take advantage of the extra time. However, if you are also subject to state income taxes, check to see if your state has also extended its deadline.

If you expect a refund, though, why not file earlier and get that money in hand sooner? You can pay bills or put it in a savings account to beef up your emergency fund.

>> [Compare savings account rates](#)

## Maximize What You Save - Online Banks Are Money-Makers

There is a legitimate way to turn adversity into opportunity. Under the circumstances, banking online is clearly safer than going to a branch, and it's likely to be healthier for your finances too.

According to research by MoneyRates.com, [online savings accounts](#) pay an average of 19 times as much interest as traditional, branch-based accounts.

[Online checking accounts](#) have lower fees, generally, and are more than twice as likely as branch-based accounts to have no monthly service fee.

So, if this public health crisis forces you to change your banking habits by going online, it should pay off for you now and in the long term. Just be sure to compare [savings account rates](#) and [checking account terms](#) to get the best online banking deal you can.

>> [How to Earn More Interest on Your Savings 2020](#)

## Think Twice Before Dipping into Retirement Savings

Another thing the CARES Act did was make it easier to dip into retirement savings for needs related to the coronavirus crisis.

However, doing so still comes at a cost.

The CARES Act allows you to access up to \$100,000 of your retirement account balances without the usual 10% penalty. It will also spread the ordinary income tax impact of such a withdrawal over three years. You can avoid that tax impact if you return the money to the account within those three years.

That may all sound good, but taking money out of your retirement plan means potentially missing out on future gains from being invested in the financial markets. This might be especially painful if you pull money out with the stock market already down.

Also, paying back a large sum of money within the three-year window might be difficult; and if you can't do it, you'll have to pay ordinary income taxes on it. At the very least, having to pay back that money might crimp your normal retirement contributions for those years.

## Prioritize Your Bills

If you have a hard time covering your normal monthly payments, do some triage to figure out which to address first.

First, decide which are most essential. Typically, this starts with things like mortgage or rent payments that affect your shelter.

Then look for those that carry the steepest interest charges or late-payment penalties. Try to keep up with these before adding extra costs to the problem.

## Don't Hide From Your Creditors

Social distancing is one thing. Thinking you can disappear from your creditors completely is likely to backfire.

If you find you can't cover all your bills, get in touch with your creditors to work out extended repayment terms.

Given the coronavirus situation, chances are creditors would rather give people some flexibility than face mass defaults. As long as you have a plan and are willing to pay something toward what you owe, they may grant you more time and lower monthly payments.

The answer may be to try to spread your money around to give each of your creditors just enough so they see you are making an effort to pay them instead of just trying to disappear.

## Be on High Alert for Scams

Sadly, there are always people who try to take advantage of people in distress. There have been reports of new, coronavirus-related scams.

These range from fake coronavirus cures to desperate appeals for money on behalf of a relative who is supposedly stranded to crazy investment schemes to profit from the economic shake-up.

These are pretty much old schemes in new disguises. The same common-sense rules apply for how to deal with them:

- Never give sensitive information to people who contact you. If you think it's important, get a phone number and then go online to see if they represent whomever they claim to represent.
- Never respond to time pressure. Anyone trying to force you to make a financial decision right away is trying to make sure you don't have time to think.
- If an opportunity sounds too good to be true, it almost certainly is.

## Avoid a "There's No Tomorrow" Mentality

When a crisis as serious as the coronavirus hits, it's easy to think today's problems are so big that the future doesn't matter. That line of thinking puts you at even greater risk.

You have to look beyond the crisis and think about what kind of financial shape you want to be in when it ends.

Why?

Because otherwise you'll find yourself in crisis mode long after COVID-19 has been brought under control. Plus, thinking beyond the crisis helps remind you there will be a way out of this someday.

The coronavirus pandemic is requiring everyone to make adjustments on the fly. When it comes to your finances, though, you should fit every new development into a long-term plan. The best way to get through a crisis is to have a plan that looks beyond that crisis.