

Essential Guide:
**Financial
Planning During
Uncertain Times**



Success Starts Here.



First State
Community Bank

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Introduction

The fast and furious arrival of the COVID-19 pandemic cost millions of people their jobs and threw the financial planning of millions more into disarray. From families canceling vacations to children attending school from home, the past year has given many Americans the feeling that much of their lives—including their finances—are ultimately beyond their own control.

If your financial security seems far less stable today than it was just one year ago, you're not alone. When our livelihoods are threatened and our daily lives are turned upside down, it's tempting to ignore long-term planning as we shift into survival mode and focus on living our lives on a day-to-day basis.

But in these troubling times, it is important to remember that the financial plans we make are not immune to disruption. Although world-altering events like the COVID-19 pandemic may be once-in-a-lifetime occurrences, other small-scale disruptions—from job losses to medical costs to economic recessions—can occur at any time.

If your financial security seems far less stable today than it was just one year ago, you're not alone.





Financial planning can help you prepare for these events and withstand their impact. Even in the heat of the moment, when you're too focused on getting by to think about growing your financial security or planning for retirement, opportunities exist to strengthen your financial position and set yourself up for a more secure future.

In this guide, we'll discuss the steps you can take to prioritize financial planning even during times of [financial and economic uncertainty](#). Find out how a mix of money management and long-term planning can prepare you for the next rainy day.

Financial planning can help you prepare for these events and withstand their impact.

The Power of Financial Planning During Uncertain Times

Economic hardship can shine a light on just how fragile our financial situations may be. The progress we make in [saving for retirement](#), building up a savings account, and paying down debt can quickly be threatened or even erased by a single surprise event.

For many Americans, the margin of financial error can be slim. More than [one-quarter of all U.S. adults](#) didn't have any emergency savings at the start of the pandemic, and nearly three-fourths (72 percent) don't have a financial plan in place to guide their money management.

But there's an easy way to turn this grim outlook around: A financial plan can give you a blueprint not only for building up wealth and saving for retirement but also for weathering the storm when a loss of income or rising expenses jeopardize your financial health.



Financial plans aren't just built with an eye to the future. They're designed to give you practical guidance as you make financial decisions today. They can even help you navigate uncertainty created by a job loss, economic recession, or the next global pandemic (fingers crossed it doesn't happen).

A financial plan also makes it easy to organize spending, pay down debt, and build toward financial goals. [Surveys have shown](#) that when consumers have a financial plan in place, they are:

78% more likely to pay their bills and save every month

68% more likely to have money in an emergency fund

74% more likely to automate savings contributions

63% more likely to have a greater sense of financial stability

All too often, consumers assume financial planning is a process reserved for financially stable households that aren't forced to live paycheck to paycheck. In reality, though, financial planning can offer the greatest benefits to households struggling to pay their bills and pay down debt—especially when developing a blueprint to reach goals that seem out of reach.



What Does Financial Planning Cover?

If you've never set up a financial plan before, you might be surprised by how comprehensive this planning process can be—especially when accounting for specific goals you might have and potential scenarios you might face in the future. The planning process can include the following:



Budgeting and Saving

The ability to budget and save is crucial to any financial plan, regardless of your income level. The financial planning process will provide a structured process for evaluating your monthly expenses, setting per-category spending limits, prioritizing monthly savings into savings accounts and/or other retirement and investment vehicles, and making sure these budgeted amounts fit within your net monthly income.



Family Planning

Do you plan to have children in the future? Financial planning can help you account for upcoming expenses that may range from [diapers to childcare to college tuition](#). A financial plan may be used to set up and fund a 529 college savings plan and a dependent care FSA, among other financial tools designed to support current and soon-to-be parents.





Wealth-Building Strategies

This planning process goes beyond basic savings and the creation of an [emergency fund](#) and considers how you will grow your wealth over time. Depending on your amount of income and your financial goals, this can include investments into the stock market, real estate, and/or low-risk, low-yield products like certificates of deposit and money market accounts to grow your assets and your net wealth over time.



Retirement Planning

The earlier you start planning for retirement, the better. But regardless of your current age, retirement planning can help you identify a target retirement age and ideal post-retirement lifestyle—which, in turn, will help you determine how much income you will need to fund that retirement. From there, financial planning can consider what types of retirement savings vehicles will be most helpful in reaching these goals. This can include [contributions to a 401\(k\)](#) offered through your employer, as well as contributions to Roth IRAs and other individual retirement accounts.



Career and Lifestyle Goals

Are you considering a career change? Going back to school? Maybe you want to stay at home with your kids while they're young, and then return to the workforce once they enter school. There are also lifestyle choices to consider: What priority do you want to give to vacations? Do you want to buy a boat or a second home? What kind of activities and forms of entertainment do you enjoy, and how much do they cost on average per month? These are important questions that affect not only how much income you need to generate but also how much you need to save for the future. Your desired quality of life should be factored into any calculations regarding your financial planning.



Other Financial Goals

Do you envision a future in which you scale back to part-time employment? Maybe you dream of starting your own small business someday. Financial planning can help you turn those future desires into tangible goals that you can start building toward today.



Potential Financial Risks

Nobody can predict the future—not even a trusted financial planner. But the financial planning process can help you account for scenarios that could arise in the future. These could include a loss of income, unexpected medical expenses, investment losses, or other events that change your financial outlook. A strong plan will anticipate these scenarios and give you the financial flexibility to make adjustments on the fly.

13 Tips for Better Money Management During Uncertain Times

Even if you end up developing a financial plan with a trusted expert, you should still focus on steps you can take to better manage your own finances on a day-to-day basis. Smarter spending habits and an emphasis on saving can help you lower your living expenses and create more opportunities to save.

The following 13 tips will help you improve your money management and lay the foundation for a strong financial plan:

1

Create a household budget that breaks down spending limits by category.

Money management tools, including mobile apps and tools that integrate with your bank's [checking account](#), can help you set limits and track spending month to month.

2

Analyze your own spending trends.

As you start to [track your spending](#), you might be surprised by what you learn. Coffee spending blowing up your bank account every month? Maybe it's time to invest in a coffee maker and turn to-go purchases into a special occasion. Going over your restaurant budget regularly? A renewed commitment to cooking at home could be the lifestyle change you need to get spending under control.



3

Set up an emergency fund and make regular contributions.

Experts recommend that consumers save anywhere from [3-6 months](#) of living expenses in an emergency fund. If you're just starting out, don't stress about the savings task ahead of you—just try to put away a little extra money from each paycheck, building up a financial buffer to cover unexpected costs.

4

Organize bill and tax payments, as well as savings contributions, through a financial calendar.

Missed payments can rack up fees and interest. Use a [financial calendar](#) to track all of this spending and make sure you're sticking to your savings plan.

5

Separate fixed expenses from discretionary spending.

Your budget will consist of expenses that are hard to negotiate (e.g., utilities, student loan payments, and car payments) alongside costs that are more flexible (e.g., entertainment, dining, and shopping). As you manage your budget over time, focus on flexible budget categories as opportunities to cut spending and improve your money management.

If you're just starting out, don't stress about the savings task ahead of you—just try to put away a little extra money from each paycheck.





6

Find out if your employer offers 401(k) matching.

Many employers offer 401(k) matching contributions, which is essentially free money: If you make a certain amount of contribution to the 401(k), your employer will offer to match those contributions up to a set limit. These contributions are in addition to your base income, so do everything you can to maximize this matching and boost your retirement savings.

7

Check your credit score, and look for opportunities to strengthen your report.

First things first: Check for any errors that need to be contested and corrected. Then, consider where your credit report has room for improvement. Is your debt utilization too high? Have you made too many credit inquiries in the past two years or missed bill payments? Free tools such as [Credit Karma](#) offer free credit score tracking and insights into your credit report.



8

Cut out monthly subscriptions you don't need.

Subscription selling models are all the rage in today's economy, and businesses love them because they offer guaranteed revenue even when customers don't use those services. Review your subscriptions and make cuts to services where you aren't getting your money's worth.

9

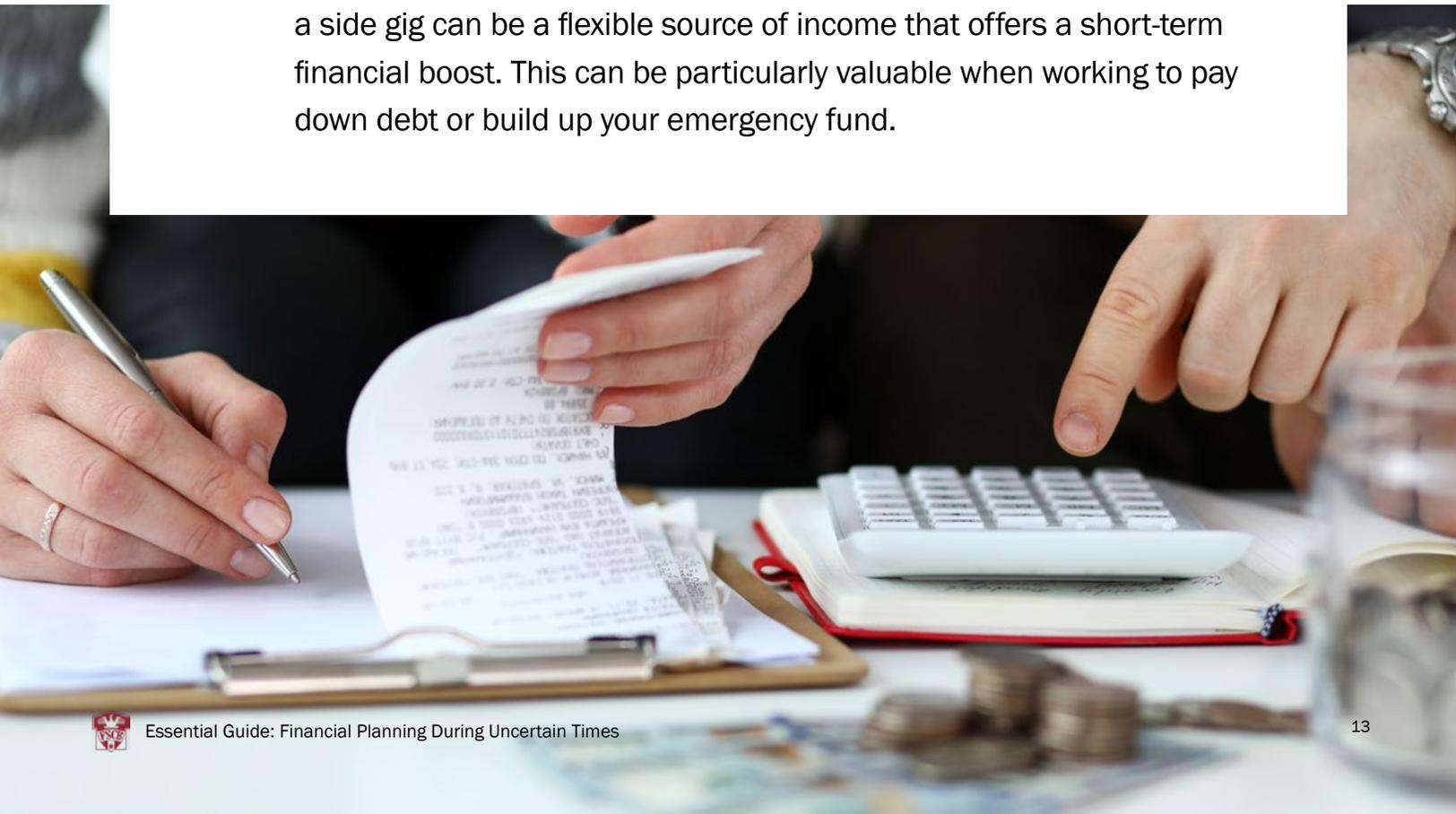
Use financial calculators to plan out financial goals and track your progress.

How long will it take you to save for a down payment for a home? What about saving for retirement? [Simple online tools](#) can help you evaluate your future financial needs and lay out a simple plan to reach those goals on your desired timeline.

10

Consider a side gig to supplement lost income and/or catch up on savings goals.

If your current income isn't enough to support your financial needs, including your monthly expenses, savings goals, or retirement investing, a side gig can be a flexible source of income that offers a short-term financial boost. This can be particularly valuable when working to pay down debt or build up your emergency fund.



11

Use automatic contributions to save toward various goals.

If you're new to saving, the habit of regular contributions can be hard to maintain—especially if you're easily tempted to spend money elsewhere. [Automatic contributions](#) take the decision-making out of your saving efforts, turning these contributions into another bill that is paid from your bank account every month.

12

Prioritize debt repayment, starting with highest-APR debt first.

Debt can create a drag on any financial progress you're trying to make. Although it is tempting to prioritize saving to keep more money in your pocket, debt repayment can actually offer the greatest long-term value—especially if that debt carries a high interest rate, as is the case with most credit card debt.

13

If you're struggling to plan your finances on your own, ask for help.

People make entire careers out of offering financial planning services, so there's no shame in deciding to work with an expert you trust. Contact FSCB today to find out what kind of financial planning services are offered through your local bank.

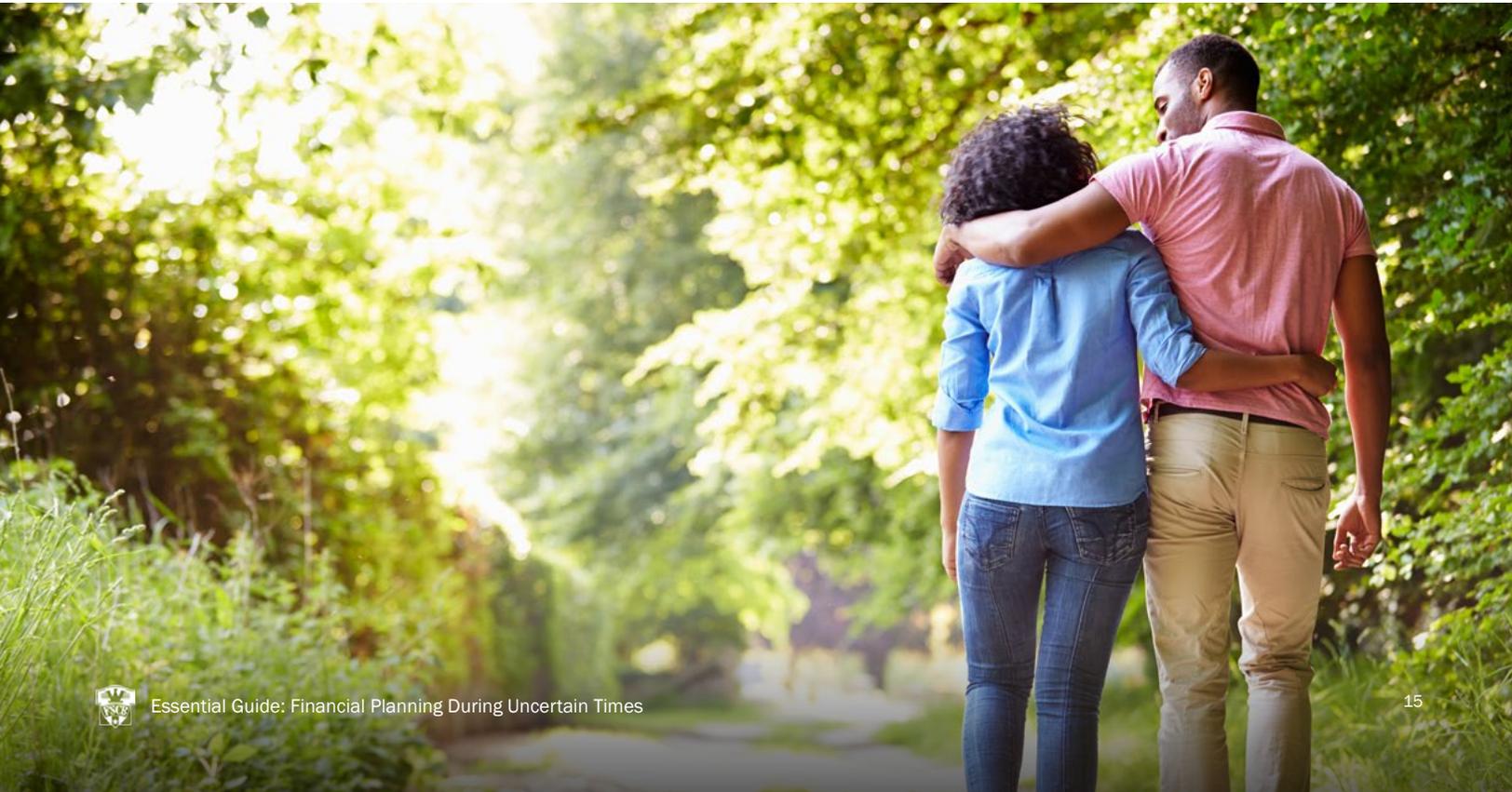
Debt can create a drag on any financial progress you're trying to make.



Don't Put Your Financial Plans On Hold

During times of uncertainty, it is easy to hold off on making plans for the future—especially if you're waiting to see how your financial wellness survives a rough patch. But one of the greatest benefits of financial planning is its ability to chart a path forward during these periods of uneasiness, offering practical steps you can take to strengthen your financial footing both now and in the years to come.

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About First State Community Bank

Whether you're seeking a line of credit, personal loan, credit card transfer options, or financial counseling services to improve your money management, we're committed to helping our customers set and reach their financial goals.

Since 1954, First State Community Bank has been a leading financial resource for residents and businesses across the state of Missouri. First State Community Bank has built its reputation on an unyielding commitment to delivering the best possible service to customers and partners, from the Junior Savers who open an account with \$1 to those applying for multimillion-dollar commercial loans. We are here to help you reach your financial goals today and into the future.

**Learn more by connecting with the FSCB team to
see how you can get started today.**

[Get in Touch](#)

