



7 Suggestions That Could Help You Navigate Periods of Financial Hardship

We know that the financial demands you face today can get in the way of saving for the future. If you're dealing with financial hardship, these suggestions could help.



1 STRETCH SHORT-TERM AVAILABLE CASH.
If you received a stimulus check or tax refund or other money in the short term, use it to pay current expenses or build an emergency fund.

2 DISCUSS PAYMENT OPTIONS WITH CREDITORS.
Many companies may offer flexible payment options on mortgage or rent, credit cards, car loans, and utilities. And they may be willing to work with you if you make a good faith effort to continue some type of payment plan.

3 REVIEW EXPENSES.
Check your subscriptions and other memberships with recurring charges. You may be able to temporarily pause these items or decide to cancel if you aren't using them. Review auto insurance policies to see if changing your deductible could save you money. Your premium may also decrease if you are driving less due to changes in your work situation.

4 TAKE ADVANTAGE OF AVAILABLE DISCOUNTS.
Many businesses offer discounts for seniors and military, but some have extended that courtesy to first responders and frontline workers. Other businesses simply offer discounts to anyone who says they need help. Ask at point of purchase if this is available.

5 EXPLORE LOW INTEREST RATE BORROWING OPTIONS.
If you are employed and can qualify, a home equity line of credit (HELOC) can provide access to cash. The interest rates on HELOCs are usually much lower than credit cards.

6 CAREFULLY WEIGH THE PROS AND CONS OF RETIREMENT ACCOUNT LOANS AND WITHDRAWALS.
Dipping into retirement savings should be a last resort, but consider the following: Roth IRA contributions can be withdrawn at any time, tax- and penalty-free, and could be your first consideration. Additionally, your workplace Plan may allow you to take a loan that you would pay back over a handful of years. Keep in mind, if you leave your employer and are unable to repay the loan, it will count as a distribution that may be subject to income tax and possibly a 10% excise tax penalty. Taking a hardship distribution or total distribution from an IRA may result in taxes and penalties and do the most harm to your future retirement savings. Make sure you understand all of the details before tapping into money intended for the long term.

7 REMEMBER, IT'S OK TO ASK FOR HELP.
Asking for help is a tough step to take, especially if you've never been in a situation where you have had trouble making ends meet.

If you need to save less in the short term, make sure you revisit the decision in the future. By taking the right steps to get through a period of hardship, you can get back on track when your situation improves.



Want to learn more?

Scan the QR code to read our article, "How to Prepare for a Financial Rainy Day."



IMPORTANT INFORMATION

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