

SUMMER 2020

CAMBRIDGE QUARTERLY NEWSLETTER

Census Survey
Pandemic Stats

**Emergency
Budgets**

now more
than ever

A PERSONAL FINANCE LETTER PRESENTED BY CAMBRIDGE CREDIT COUNSELING

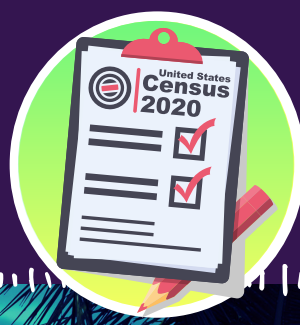
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US CENSUS COVID-19 STATS



In July several demographics missed last month's rent: people who had less than a high school education; people with high school or GED completion; those whose income was less than \$25k a year.

BUDGETING FOR EMERGENCIES

WHERE ARE WE NOW?

With the pandemic upon us, many of us are experiencing financial tensions that might have been unimaginable last winter. And the stress isn't limited to our budget. Research is shedding light on the ancillary effects of the pandemic, including marital strain and divorce, the challenges of working remotely, the ups and downs in the housing market, and the cruel stresses placed on innocent children. As we compose this edition of the Quarterly, job losses are still increasing across the country. Many Americans cannot return to their jobs or are unable to find new employment, and that's directly affecting their ability to afford the essentials or maintain a basic standard of living.

The Census Bureau has extended its efforts to learn more about how Americans have been and are still being affected by the pandemic. Here are some takeaways that you, or someone you know, may be aware of on a more personal level.

30% of Americans have little or no confidence that they can pay August's rent or mortgage.

Almost 127 million Americans have lost income since the beginning of the pandemic.

35% were expecting a loss of household income in the next 30 days.

The pandemic resulted in the loss of 11.6 million jobs over just four months, quadrupling the nation's unemployment rate. 7 million workers have had to remain at home because they lost their child care options when those facilities closed. The Census Bureau survey also recorded how a public health crisis turned into a food crisis, as the responses showed that millions sometimes or often didn't have enough to eat. That number rose to 23.8 million for the week ending July 24, an increase of almost six million since the first week of May.

These unemployment stats are grim, but many Americans have been able to retain their occupations despite the crisis. As infections rise and fall in regions within the states, local unemployment rates may rise and fall like a rollercoaster, but service industry jobs that allow for remote work may prevent a total collapse.



Kristi Lally
ACH Department

Kristi Lally works in our ACH Department. She says:

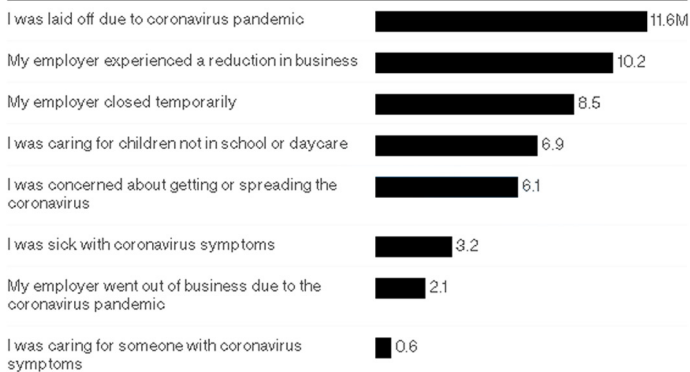
"I have been at Cambridge for 22 years. I have formed many friendships with my co-workers that will last a lifetime. I love that because we have worked together for so long we know what we need to do every day to make the department run smoothly. When I am on the phone with a client I enjoy hearing the relief in their voice when they know we can help them with a problem they have or when they are almost complete with the program."

By the end of July, 23.8 million Americans said they sometimes or often didn't have enough to eat.

From the middle of June to the middle of July, over 70 million adults said that they did not receive the medical care they needed to treat a condition that was not COVID-19 related.

Since March, 50.8% of households lost income. 35% expect to lose their income by the end of September.

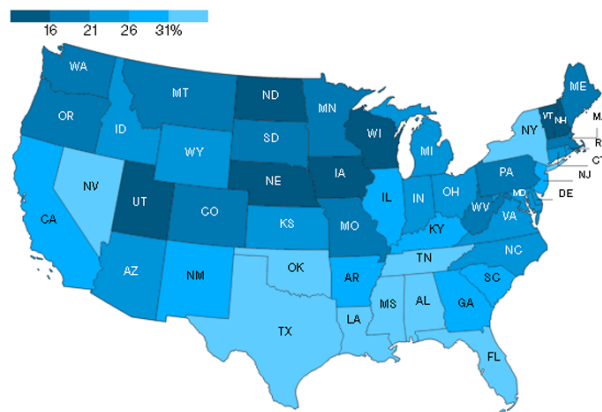
Selected Response



Source: U.S. Census Bureau
Note: Household Pulse Survey: July 16 - July 21

Housing Fear/Worry

Almost a third of people in some states have little or no confidence they can pay August's rent or mortgage



Source: U.S. Census Bureau, Household pulse survey

BASIC VS. PRIORITY BUDGETS

How many of those who are unemployed or working reduced hours do you think are confident they're making the best personal financial decisions? Much less than 100%, of course. No matter the cause of their emergency, people under duress often make bad financial decisions. It's just an unfortunate fact. But even though you can't predict the economic changes coming over the horizon, there are steps you can take in advance to protect yourself and your family. What can you do to prepare for a total or partial income loss? Well, most financial advice starts with the tried and true - you need a budget.

BASIC BUDGETS

The starting point for every budget is the same. How much money is coming in? How much money is going out? And how much money is being saved? When you're creating your budget, be sure to include all of your monthly costs and use your past months to predict what you might be spending currently. If you're not sure where your money is going, like many folks without a budget, take a month or two to write down all of your payments and purchases. Everything from your mortgage/rent down to pack of gum. It seems excessive, but when you do the math, you'll be able to see how hidden expenses add up. With that said, it's time to figure out where your priorities are. In an emergency, these should become almost crystal clear: food, shelter, transportation, ongoing critical healthcare costs, etc., but a lot of people struggle to properly assign priorities. That's why we're going through this exercise now.

PRODUCE
IN SEASON FOR
LATE SUMMER



- 1.) AVOCADOS
- 2.) BLACKBERRIES
- 3.) CORN
- 4.) MANGO
- 5.) PEACHES
- 6.) CAULIFLOWER
- 7.) STRAWBERRIES
- 8.) TOMATOES
- 9.) WATERMELON
- 10.) ZUCCHINI

CRISIS BUDGETING

A good and honest basic budget has room for you to enjoy the fruits of your labor. A crisis budget may not. Crisis budgeting is a preemptive response to a total or partial loss of income. You will need to do a few versions of this, from the total loss of a spouse's income (should they pass away, for example) to perhaps a 15% loss of income (if your company eliminated overtime pay for some reason). Use the same budget sheet you use for your current household budget, but start by entering the reduced income to fit the scenario you've chosen, then work yourself line by line through the entire budget. Which expenses would change? Which expenses wouldn't change? Which expenses could/should change? What expenses could be eliminated? Please bear in mind that not every budget reduction needs to be permanent. You can temporarily shut off or reduce your cable service. You can temporarily suspend a gym membership. Your creditors and service providers may have temporary hardship plans. The time to find out about these significant changes and options for your budget is now, before you might need to make them.

When I first went through this exercise I chose the most drastic emergency scenario: What if I died? What would my husband's budget look like if my income disappeared? Could he keep our house, and if he could, for how long? What reductions could he make to ensure that she could keep our home, put food on the table, etc.? Your priorities will come into much sharper focus when you approach your budget from this perspective, believe me.

If need be, take relief options into consideration. Your grocery bill could go down a significant amount if you qualify for government assistance. There are several programs available to provide living assistance. Unemployment benefits will impact your budget, but it's best to leave that out of your priority budget. Visit <https://www.usa.gov/benefits> to learn more.

PANDEMIC RELIEF AT CAMBRIDGE

Here at Cambridge Credit Counseling, our C.E.O, Christopher Viale, is a pioneer in our industry. We've developed new program options for clients who are unable to make their monthly DMP payments due to the financial impact of the pandemic. The goal is to provide you with the time and breathing room you may need while your finances recover. If you can't make your current DMP payment, don't give up your program benefits or the progress you've made without finding out more about our Extended Modification Solution, or EMS. Call our Client Services Department at (800) 527-7595 to find out how you might be able to reduce your payments through Cambridge. As we write today, 85% of our clients who've used the EMS program have preserved their account benefits, buying time and bridging themselves back to full DMP payments.

WE CAN GET THROUGH THIS TOGETHER

Please know that, despite the pandemic, we are still working diligently to help consumers on their journey to becoming debt free. We are here to help you. If you are on our program and would like to know more, or if you are interested in a free budget analysis by one of our certified credit counselors, we encourage you to give us a call at (800) 527-7595 to speak with a member of our team.

Stay safe!