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The Mendota Reporter  
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## Getting in the habit of saving more each month

Saving is a vital component of financial planning. However, more than half of Americans are saving too little and do not have an accurate grasp of their spending habits.

A recent survey from Intuit Mint Life found that, in 2019, 59 percent of Americans were living paycheck to paycheck and 65 percent didn't know how much they were spending on a monthly basis. The situation is similar in Canada, where the annual BDO Canada Affordability Index indicates 53 percent of Canadians are living paycheck to paycheck and 25 percent say their debt

load is overwhelming.

While there's no magic formula to save money, and the amount of money one should save each month depends on how he or she wants to live now and in the future, a handful of strategies can help people save more money each year.

- Follow the 50/30/20 rule. The popular 50/30/20 rule advocates for allocating 50 percent of your budget to essentials like rent, food and housing, 30 percent for discretionary spending and 20 percent for savings.

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With goals and certain strategies in mind, it's possible for individuals to grow their savings.

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# How small businesses can plan for financial uncertainty

The uncertainty wrought by the pandemic has affected people from all walks of life. In the winter of 2019-20, the outbreak of the novel coronavirus COVID-19, and the ensuing measures implemented in the hopes of curbing the spread of the potentially deadly virus, changed the way people live and how companies do business.

Some companies have thrived during the pandemic, while others have faced unprecedented challenges. Many small businesses have been hit especially hard since the pandemic began, prompting many small business owners to express concerns about their long-term viability. A recent MetLife & U.S. Chamber of Commerce Small Business Coronavirus Impact Poll found that 70 percent of small business owners are concerned about financial hardship due to prolonged closures, while 58 percent worry that they will have to permanently close their businesses as a result of the pandemic.

Few people, if anyone, likely saw the pandemic coming, which is perhaps why the resulting financial uncertainty has proven so difficult to comprehend. As the months go by and COVID-19 case numbers again begin to increase all over the globe, small business owners are understandably concerned by the potential implementation of additional lockdown measures to stop the spread of the virus. However, there are steps small businesses can take so they're ready for any additional financial uncertainties that arrive in both the near and distant future.

- **Build cash reserves.** Cash on hand can help small business owners in much the same way that sizable savings accounts can help laid off workers overcome a sudden loss of income. Forced closures hurt many small businesses because their bills still came due even if government officials deemed them "nonessential" and forced them to close. Rent was still due each month and, in many

instances, contracts signed prior to the pandemic still had to be honored, even if companies were no longer generating revenue. Many small businesses operate on slim margins that make it hard to save while still improving the business. But small business owners who make concerted efforts to build their cash reserves without compromising their offerings should be in better position to withstand financial uncertainty in the years to come.

- **Watch inventories carefully.** The Small Business Administration recommends that small business owners keep watchful eyes on their inventories. The goal in doing so is to ensure you can continue to meet sales needs without ending up with a stockpile of leftover merchandise that's difficult to move if or when retail sales slump. Stocking up on more than you need to meet sales needs can eat up cash that you can otherwise use to build your reserves.

- **Reduce rented space if possible.** One potential

positive that may come from the pandemic is that many workers and businesses deftly handled the transition from in-office working to remote working. Small businesses that successfully made that transition

can safeguard themselves against future uncertainty by reducing their office space. Small business owners can renegotiate existing leases to allow for subleasing or simply move into smaller offices when existing leases

expire. Money saved on office rentals can be redirected to help businesses grow their cash reserves.

Effective planning can help small business owners weather financial storms that can arise unexpectedly.

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# Tips when filing for unemployment

Unemployment claims increased dramatically in the wake of the outbreak of the COVID-19 virus. In an effort to prevent the spread of the potentially deadly virus, non-essential businesses were forced to change how they do business, which led many business owners to downsize their staffs through layoffs or furloughs.

Many people who were laid off or furloughed in March or April were forced to file unemployment claims for the first time. Filing for unemployment benefits can be difficult, especially given the substantial increase in the number of people filing in 2020. The U.S. Department of Labor reported that about 26.5 million workers filed jobless claims in a five-week period between mid-March and mid-April, while Statistics Canada reported a sharp spike in the country's unemployment rate in roughly the same period. Filing for unemployment can be frustrating, but laid off or furloughed workers can take certain steps to make the process less stressful.

- Determine your eligibility. Eligibility requirements may have changed as a result of the COVID-19 outbreak. For example, in March, the U.S. DOL granted states more flexibility in



Learning the process before filing unemployment can make it go more smoothly.

regard to who can receive unemployment benefits. Eligibility can be confirmed by contacting your local unemployment insurance program.

- Determine what you need to file. Learning what you need to file before attempting to do so can make the process less frustrating. The items necessary to file are not universal, so visit the website of your local unemployment office to determine what you need. For example, you may need copies of a photo ID, addresses of past employers and certain forms before you can file. Learning these requirements before filing can ensure your application is not delayed or denied.

- Prepare to be patient. Depending on where you live, getting in touch with

an unemployment insurance program representative can take days, if not weeks. For example, many unemployed workers in the state of New York reported spending full days on hold before finally getting through to begin their claim. Websites also crashed due to enormous spikes in visitors. The process can be frustrating, but knowing you must remain patient ahead of time can make it easier to confront long wait times. Workers who were able to file also must remain patient, as understaffed unemployment offices are processing claims as quickly as possible. Calling to ask about a filed claim may only delay things further, as it forces employees to divert their attention from new and existing claims.

- Document everything you're doing. Documenting everything may help unemployed workers eventually collect benefits on their claims. Keep a log of all calls or emails, whether you spoke to someone or not. Include who you spoke with when you got through, and briefly summarize each conversation in your log. Documentation may not help you get your benefits more quickly, but the paper trail may benefit you in the long run. When trying to get through via an office website, take screenshots to serve as documentation of your efforts.

Millions of people have filed for unemployment benefits in the wake of the COVID-19 outbreak. Learning how to navigate the process before filing can make it go more smoothly.



The most effective business plans all include a realistic vision of a company's finances and its financial goals.

## Elements prospective business owners should include in their financial plans

Financial plans can help consumers and companies take greater control of their financial futures. According to the financial wellness resource SmartAsset™, a financial plan is a comprehensive overview of financial goals and the steps needed to reach those goals. The plan prioritizes the goals, then outlines exactly what is needed to achieve them.

While financial plans are often discussed in terms of individuals' retirements, financial planning also is vital for prospective business owners. Financial plans for businesses can help business owners set goals that they can use to help their businesses thrive. By including certain components in those plans, business owners can get an accurate idea of what it will take to make their businesses successful.

### Cash flow statement

A cash flow statement will illustrate the income sources and expenses of a business entity. Without knowing how much cash you have on hand and how it is being allocated, you will have a difficult time managing a budget. Business owners will need a cash flow statement when seeking funds from lenders and investors.

### Balance sheet

A balance sheet is a financial statement that includes assets, liabilities, equity capital, total debt, and more. A balance sheet establishes a company's financial position at a particular moment in time, and better illustrates what the company owns and what it owes.

### Profit and loss statement

According to the business plan advisor BPlans, a profit and loss statement, often referred to as a P&L, is an explanation of how a business made a profit or incurred losses over a certain period of time. It lists all revenue streams and indicates the total amount of net profit or loss.

### Sales forecast

A sales forecast is a projection of what a business owner thinks will sell in a given period. This is an incredibly important part of the financial plan, especially when reaching out to investors. It also should be an ongoing part of the planning process so your company can keep moving forward.

Financial plans differ due to a variety of factors. But the most effective business plans all include a realistic vision of a company's finances and its financial goals.

## Did you know?

According to Adobe Analytics, Cyber Monday spending reached historic heights in 2019. Online spending on Cyber Monday totaled \$9.4 billion in 2019, which marked a \$1.5 billion increase in total spending from the year prior. A global pandemic figures to compel even more shoppers to shop online in 2020, though economic uncertainty and high rates of unemployment may make it hard for some online retailers to exceed their

Cyber Monday sales figures from 2019. Though holiday shopping belts might be tightened in 2020, small businesses with e-commerce capabilities and strong online presences should not let that get in the way of their efforts to capitalize on Cyber Monday. In recognition of the struggles small businesses have faced during the pandemic, many local governments have emphasized the importance of supporting locally owned

small businesses. Communities across the country have answered that call in many ways, and chances are strong locals will continue to do so this holiday season. Small business owners who are ready to meet consumer demands this holiday season, even if those demands are not as great as in holiday seasons past, can capitalize on what figures to be a unique time for shoppers and businesses alike.

**Saving**

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Many people cannot save 20 percent of their income. In such instances, people can make a concerted effort to save 10 percent of their take-home pay.

- Build an emergency fund. The credit reporting agency Experian recommends consumers keep between three and six months' worth of expenses in an emergency fund. The fund should cover expenses on the absolute necessities paid each month, like utilities rent/mortgage and groceries.

- Set goals. Savings goals can help a person stay on track and provide motivation to put money away. Establish separate savings accounts for each goal to reduce the temptation to spend. For example, if the goal is to save more for vacations, then a person can open an account where funds are used exclusively for vacations.

- Automate with your employers' help. Certain employers allow workers to direct deposit a paycheck into more than one bank account. It's easy to request the payroll manager put 10 percent or 20 percent of a paycheck into a savings account while the remainder is deposited into a checking account. Automated deposits can help individuals get accustomed to living on less.

Saving money isn't always easy, but with goals and certain strategies in mind, it's possible for individuals to grow their savings and secure their financial futures.



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## Start thinking about financial planning now

Financial planning has become a catchphrase in recent years, and it's something many consumers may not fully understand. Learning some key components of financial planning can help people have more capital on hand to help them achieve their short- and long-term goals.

A 2018 study commissioned by GuideVine that polled 1,000 Americans 30 and older about their finances found that many lack knowledge of basic financial terms. In addition, the study found that numerous people feel completely lost in regard to having a solid plan with their money. Financial planning can be intimidating, but learning the basics of sound money management can help people secure their financial futures.

According to the online learning resource WiseGeek, financial planning is a process of setting objectives, assessing assets and resources, estimating future financial needs, and making plans to achieve financial goals. Investing, risk management, retirement planning, tax requirements, and estate planning are key components of financial planning.

To get started with financial planning, the financial guide and online resource Ramsay says individuals will need to see where they stand financially, establish financial goals and create a plan to reach those goals. While a person can create his or her own financial



plan, oftentimes the help of a financial planner can make sure that all avenues are being explored, especially for financial novices.

It's important to note that financial planning may mean different things to different people. For some, planning may revolve around saving for a child's college tuition but still having enough money left to retire. Another person may be looking to save extra money to invest in a business venture. Others who are living paycheck to paycheck may need help reevaluating their spending so they can grow their savings.

One of the key components of financial planning is to begin doing it as soon as possible. A financial plan can be instituted at any age, and goals can be revisited as life changes occur.

Financial planning strategies are something anyone can learn and utilize to secure their financial futures.



**Retirees can make their money go further if they take inventory of their spending and make some cuts where possible.**

## Ways to cut costs during retirement

The average person will spend more than 50 years in the employment sector. As retirement draws closer, many professionals begin to daydream about giving up the commute and having more time to pursue their personal interests.

Even if planning for retirement has been many years in the making, it can take some time for a person to become acclimated to having less income. According to data from the Bureau of Labor Statistics, "older households," which are defined as those run by someone age 65 and older, spent an average of \$45,756 in 2016, or roughly \$3,800 a month. That's roughly \$1,000 less than the monthly average spent by typical American households. Housing, transportation, health care, and food are some of the biggest bills retirees will have to account for. Aiming to have savings in addition to any other retirement income or government subsidy coming in to cover that amount is a step in the right direction.

Retirees can make their money go further if they take inventory of their spending and make some cuts where possible.

- Know where your money is going. It's impossible to save without knowing what your expenses are each month. Many people are surprised to learn how much little things add up over the course of a month. For example, spending \$4 for a take-out coffee each day can quickly become an expensive luxury. Add all expenses and see where you can trim, especially if there's a deficit each month.

- Consider extra health care. In the United States, Medicare participants can choose Medicare Supplement Insurance plans to help reduce out-of-pocket health care costs. Medicare Parts A and B only cover some of your health care costs. Supplemental insurance can cover some of the costs not covered by original Medicare, like copayments, deductibles and coinsurance, according to AARP.

- Pare down on possessions. Take inventory of what you have and scale back where possible. If you are no longer commuting to work, you may be able to become a one-car household. Downsizing your residence can help seniors avoid spending too much of their

retirement time and money maintaining their homes.

- Take advantage of senior discounts. Take advantage of the many discounts that are offered to seniors. Retirees can usually save on restaurants, travel, groceries, and much more by simply shopping on specific days or verifying their age when checking out.

- Purchase less expensive life insurance. According to Cheapism, a site that advises consumers about how to be more frugal, the chief purpose of life insurance is to replace income to ensure the financial security of dependents in the event of death. Retirees may have no dependents and little income. Therefore, a large life insurance policy may not be necessary, especially if you've already set aside funds to cover funeral costs.

- Pay off a mortgage. Housing is many people's most substantial expense. Paying off a mortgage can free up more money each month and allow retirees to spend their golden years doing as they please.

As retirement nears, adults can employ various strategies to reduce their monthly expenses.



From left to right: Darla Cocanour, Paul Daul, Jaime Rodriguez and Marissa Bonnell

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## How to save on family expenses

The pandemic sparked by the spread of the novel coronavirus COVID-19 in the winter of 2019-20 blindsided much of the world. Since the World Health Organization declared a pandemic in March, millions of people across the globe have lost their lives, while hundreds of millions more have lost their livelihoods.

Data from the Bureau of Labor Statistics indicates the unemployment rate in the United States, which was lower than 4 percent in the weeks prior to the WHO's pandemic declaration, was nearly 15 percent by mid-May. While that figure dropped to less than 9 percent by the end of summer, many families are still confronting financial challenges stemming from the pandemic. Some parents may still be out of work, while others are working on reduced salaries as their employers try to overcome the economic challenges posed by COVID-19.

No one knows when the pandemic will end and life will return to normal, so families facing financial uncertainty can benefit from tightening their belts for the long haul. Thankfully, there are various ways for families to cut costs that won't adversely affect their quality of life.

- Plan more meals. Impulse buying is one of the most costly ways that families overspend. A 2018 survey from Slickdeals.net found that the average consumer in the United States spends \$5,400 annually on impulse buys. More than 70 percent of impulse spending goes toward food. Families looking to cut costs can plan more meals so they know what they need when they visit the grocery store,



**There are ways for families to reduce their spending without cutting back on their quality of life.**

which should reduce the amount of money they spend on spur-of-the-moment purchases.

- Simplify special occasions. It can be fun to go a little overboard for birthday parties, anniversaries and holiday gatherings. However, such spending should be seen as a luxury during a recession. Momentous occasions can be both special and inexpensive. Birthday picnics in the park or at the beach can be just as unique and memorable as lavish parties, and they won't cost nearly as much. Parents can agree to forgo gift-giving on anniversaries or birthdays, opting instead for romantic homemade dinners.

- Think of new ways to get away. Many families canceled or postponed

vacations in 2020 as travel restrictions and social distancing guidelines greatly limited travel options. While it might be possible to travel safely again in 2021, families still dealing with the fallout from COVID-19 may be hesitant to plan traditional vacations. Thankfully, there are ways to get away without breaking the bank. Many campsites are free or charge nominal fees to use their facilities, and such excursions can be great ways for families accustomed to flying and five-star hotels to enjoy new experiences.

The pandemic has posed financial challenges for millions of families. But there are ways for families to reduce their spending without cutting back on their quality of life.

## The various ways to pay off student loan debt

Students and families invest heavily in higher education. Many students rely on student loans to finance their educations. In fact, students amassed \$1.56 trillion in student loan debt by 2020.

According to Forbes, American student loan debt is \$32,731, while the median student loan monthly payment is \$222. Some students feel like paying off student loan debt is impossible. Many loan



repayment schedules kick in shortly after graduation, and certain borrowers may not yet be making enough money to afford even the minimum payments on their student loans. Thankfully, there are ways to get out from under student loan pressure.

- Investigate income-driven repayment.

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Debt

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IDR will lower student loan payments based on your income, and some plans even promise to forgive any remaining balance once the repayment period is up. That period can take between 20 and 25 years.

• Work in public service. A Public Service Loan Forgiveness program, or PLSF, enables student loan forgiveness in exchange for working for a nonprofit or working in government.

• Refinance the loans. Graduates may not be aware that they can refinance their student loans at a lower rate or choose new loan terms, including variable or fixed rates. Maturity dates can even be renegotiated in certain instances. It's possible to save thousands of dollars in interest by refinancing, particularly if borrowers have a credit score of at least 650.

• Make more than the minimum payment. Financial advisor Dave Ramsey says making the minimum payments on student loans will not get them paid off fast, and the interest could pile up as well. By paying more than the minimum payments, you can pay down the principal more quickly. Designate tax refunds and salary increases to pay down student loan debt.

• Ask for help. Speak with your boss about whether he or she can help pay off student loans. Some employers offer conditional student loan repayment to employees.

These are some of the ways that student loan debts can be repaid quickly, efficiently and creatively.

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