



# MONEYWISE

VALUING PEOPLE. VALUING MONEY.

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Nichole Huff, Ph.D., CFLE | Assistant Extension Professor Family Finance and Resource Management | nichole.huff@uky.edu

## THIS MONTH'S TOPIC: FINANCIAL RECOVERY AND RESILIENCE

*Financial resiliency* is the ability to withstand life events that affect your income and assets. Building financial resiliency is a step toward financial wellness, which is having the means to fully meet your financial obligations, feel secure in your financial future, and more freely make financial choices. Whether you are experiencing a **financial setback**, are in a period of **financial recovery**, or are establishing **financial well-being**, working to become more financially resilient is one of the best investments you can make for your long-term financial health.

### FINANCIAL SETBACKS

Anytime you experience financial loss or strain, it can be difficult to get back on your feet. Sometimes financial stress is the result of our spending choices or behaviors; other times financial setbacks can be out of our control. Unexpected financial loss may result from a number of things, such as a sudden medical diagnosis, divorce, the death of a family member, a natural disaster, or economic downturn like unemployment or recession. When financial choices such as high debt or low savings meet with an unexpected financial stressor, what results is a financial situation that feels impossible. Whatever the cause, know there are actions you can take toward financial recovery and wellness.



### FINANCIAL RECOVERY

Rebounding from a financial setback takes time and intention. To establish financial stability, consider taking the following steps:

1. Evaluate your finances. Make a list of your assets (what you own) versus your liabilities (what you owe). While it may feel overwhelming at first, writing everything down can help you see the bigger picture so that you can develop a plan. Include monthly minimum payments, due dates, and total amount owed for any creditors.
2. Prioritize your financial obligations. As you consider your income versus expenses, rank



## AS YOU MAKE STRIDES TOWARD FINANCIAL RECOVERY, IT IS IMPORTANT TO ESTABLISH HEALTHY FINANCIAL HABITS

	PRESENT	FUTURE
SECURITY	Control over your day-to-day, month-to-month finances	Capacity to absorb a financial shock
FREEDOM OF CHOICE	Financial freedom to make choices to enjoy life	On track to meet your financial goals

your essential financial commitments such as shelter, transportation, utilities, food, and medication. Then reduce where you can from any remaining expenses. Are there nonessential purchases you can eliminate? Things such as streaming services or eating out? Look for ways to save. For example, buying second hand or generic brands.

3. Communicate with others. Begin by contacting your financial institutions and creditors to discuss forbearance or deferment options, shifting bill due dates, and/or negotiating lower interest rates or debt repayment plans. Also talk with your spouse and children about the realities of your financial situation. For your household to become financially healthy, it will take everyone working together.
4. Ask for and accept help. Especially in the wake of the pandemic, many local, state, and federal agencies offer financial recovery assistance. Seeking out and accepting help will allow you to meet immediate financial obligations while making long-term plans to get back on your feet. Unsure where to start? Visit <https://www.makinghomeaffordable.gov/> for mortgage assistance, <https://www.careeronestop.org/>

for employment resources, <https://www.healthcare.gov/> for health insurance coverage, <https://www.benefits.gov/benefit-finder> to search for government assistance programs for which you qualify, or <https://www.211.org/> for community resources that can help meet the needs of your family.

5. Do things differently moving forward. As you make strides toward financial recovery, it is important to establish healthy financial habits. Creating a budget, eliminating debt, and saving for the future should be top priorities.

### FINANCIAL WELLNESS

Remember, personal assets include more than what is in your bank account. Additional factors that enhance financial resiliency include your skill sets, experiences, and employability; your networking skills and relationships; your health and ability to work; and your determination to succeed.

Curious as to how well you could handle a financial setback? Take the Personal Resiliency Resources Assessment Quiz to find out at <https://njaes.rutgers.edu/money/assessment-tools/personal-resiliency-resources-assessment-quiz.pdf>.

Written by: Nichole Huff | Edited by: Alyssa Simms | Designed by: Kelli Thompson | Images by: 123RF.com

Nichole Huff, Ph.D., CFLE | Assistant Extension Professor Family Finance and Resource Management | [nichole.huff@uky.edu](mailto:nichole.huff@uky.edu)



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