

Nagel on Finances: Victim, survivor or thriving?

BY ROGER NAGEL

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RIO RANCHO, N.M. — Wow. Last month I came down hard on why it is that we Americans do not save for retirement.

Now, with COVID-19, I am compelled to write a much different article. What happened in less than 30 days?

Not much, really. Let me explain.

Certainly, we have been affected by an unprecedented pandemic. Never before have we been told by our governor to stay home and not work. Nor have we been told to close our businesses because our government deems them unessential.

Amazingly, we have all chipped in and helped “flatten the curve” and it is working.

But at what cost? Time will tell.

We have all been affected. Some more directly than others.

Based on today’s data, 90,000 New Mexicans have applied for unemployment, nearly 10 percent of our workforce. For the first time ever, unemployment benefits will be offered to the self-employed.

Massive relief has been approved at the federal level, including direct impact payments to be received next week or so, forgivable loans and low-interest-rate loans with lengthy repayment terms. Surely, there is more to come.

But, how soon will it arrive? Will it be enough? What do I do when I run out of money?

Unfortunately, too many households are asking these very questions. But why?



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Never before in our lifetime has there been such a lesson on the benefit of good financial stewardship. Leading financial advisors have for years advocated the building of a household emergency fund of three to six months of household expenses. (Learn more from an internet search for Dave Ramsey's "Seven Baby Steps" or Crown Financial Ministries' "Steps to Financial Freedom.")

Since the Great Recession of 2008, it seems emergency fund should be more like six to 12 months. For most households, it's too late.

So take action now. For the short run, many will need to humbly seek short-term government assistance, whether unemployment, SNAP or WIC benefits.

Households who can will surely help friends and family "get by." Many churches have already established COVID-19 relief funds.

But today, let's look beyond the immediate.

Now is the time to commit to your plan to never let this happen again. Figure out where you are on that continuum to financial freedom and do not look back, only forward.

Tear up the credit cards, hunker down on that budget, cancel the things you do not need and seek part-time work until the threat has been lifted. Then get to work on that emergency fund and do not stop until you get there.

Historically, many good things come from tough times. "Necessity is the mother of invention," it has been said, and this is a time like none other in which that will be true.

Wait and see what good old American ingenuity will bring. Will you create the next clever thing?

I was touched by the story of a young teenager who made and distributed more than 500 face masks this past week.

So, stay productive, think positive and commit to working on your personal plan for financial freedom.

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