1

Avoid the Deep End When Spending

The coronavirus crisis has changed millions of Americans' spending habits:[1]

60%+ are "extremely" or "very" concerned about the U.S. economy

40%+ have reduced their household spending

60%+ expect to reduce spending on "non-essential" items

40%+ expect to spend more time cooking during the next two weeks

Americans are becoming more frugal, home-centered, and concerned:
"Where is my money going?"
"What value am I getting for my dollars?"

Re-evaluate your lifestyle and spending patterns to save more money, spend more smartly, and live a financially stronger life into the future.

2

Prepare Your Financial "Lifeboat"

The U.S. personal saving rate reached an **all-time high of 33%** of disposable income in April 2020.[2] And that's good, because many Americans do not have enough cash savings. Recent studies found:

28% of U.S. adults do not have any emergency savings[3]

41% of Americans could cover a $1,000 emergency expense with savings[4]

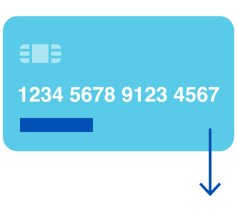
Most financial experts recommend building an emergency savings fund based on one of the following:

3-6 months' worth of living expenses / of after-tax income

Keep this money in a safe, secure, liquid FDIC-insured bank savings account. That way you can access your emergency savings—your financial life boat—at any time.

3

Keep Your Head Above (Credit Card Debt) Water



During the coronavirus crisis, Americans **reduced their credit card debt by more than $100 billion** from February to May 2020.[5]

Americans are being more cautious with credit cards in several ways:[6]

14% decrease in average credit card balances

5% decrease in consumer credit utilization

5% decrease in rate of credit card delinquencies (number of people who are 30 days late on their credit card payments)

Americans are paying down their credit card debts. Average credit card debts have fallen fast:[6]

$6,193 January 2020

$5,338 May 2020

4

Follow the Tide Toward Personal Debt Consolidation

14.52% Average credit card interest rates (May 2020)[7]

9.50% Average 24-month Personal Loan interest rates (May 2020)[7]

Because of the pandemic crisis, the Federal Reserve has cut interest rates to near-zero. This makes it a good time for qualifying borrowers to refinance their higher-interest debts into a lower-cost, lower-interest loan.

If you have decent credit, now is a good time to follow the tide and secure a debt consolidation loan, also called a "Personal Loan." Personal Loans tend to have much lower interest rates than credit card debt.

Depending on your credit score, loan amount, and other loan terms, you might save money on interest and pay off debt faster by consolidating your credit card debt and other personal debts into a debt consolidation loan.

5

Swim to Shore Quicker by Refinancing Your Mortgage

Because of the Fed's low interest rate policy, 30-year mortgage rates have been **averaging less than 3%** for the first time ever.[8]

If you already own your home, now is your chance to refinance your mortgage. Depending on your goals, refinancing can help you:

- Lower your monthly mortgage payment
- Pay off your home faster
- Save thousands of dollars in interest
- Save and invest more money for retirement

Is refinancing right for you? That depends on a few factors, including:

- Your current loan's interest rate
- How long you have owned your home/ number of months remaining on the mortgage
- How long you intend to keep living in your home
- Your credit score
- Your home's estimated fair market value

If you qualify for a lower rate and favorable terms, refinancing can help you have a stronger financial foundation with a lower monthly house payment and more money in the bank.

For more information on budgeting and saving, visit First Horizon's Learning Center.

Sources:
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