When Will You See Your Second Stimulus Check? (If At All)

Information regarding the second round of coronavirus relief efforts, and practical advice for your future.

Hey guys, Ron Parks here, and welcome back to the channel!

I've been getting many questions recently about the current state of our economy. Everyone has been affected by the pandemic, and some are worse off than others.

I know people who have had to shut down their businesses, I know people who have had to make drastic alterations to work remotely — and after a year, we may finally see some light at the end of the tunnel. They're aiming to start mainstream vaccination in April. Of course, that's still five months away.

That means, especially after the holidays, people who aren't following logic will get infected, the death toll will undoubtedly rise — and who's to know whose business is going to survive?

How are movies going to roll back out? Personally, I'd like to see drive-ins come back in a more mainstream capacity. What about restaurants and hospitality? That's going to take a while.

And so comes the biggest question of all – when are we going to see a stimulus package? So far, Americans who quality for stimulus have only received $1,200. That's it. And there are concerns the bill for a second round of relief will stay held up in Congress.

They're pushing to stay open an extra week, until the 18th, but there's no guarantee that'll be enough time to agree on things.

If it passes, Americans stand to get $2,000 a month, with married couples getting $4,000 and dependents getting $500. Although those dependents only include up to three children.

So the good news is you'd be getting more than the first time. Now, you're probably wondering if you qualify.

The stimulus package threshold is relatively higher this time around, considering that no one wasn't hit in some way. The adjusted gross income for individuals is $130,000.

For married couples, it's twice that - $260,000—anything over that, the payout decreases by 5 percent every $1,000.

That's currently debated in Congress, in between the fight over defense spending that appears to have drawn to a divisive close.

However, I've heard two questions of concern more than any other: What if it doesn't pass, and what if I don't qualify?

There's too much at stake right now, and your business may have suffered, your savings may have taken a hit, and even your health may still be in jeopardy.

So I'm going to go through some things you can do and things you might want to avoid in the ensuing months. Remember, they're going to start rolling out the vaccine in April, but that doesn't mean you're getting it right away. It's also not an instant cure; we won't be out of the woods for quite a while.

The number of Americans unemployed due to the Coronavirus has passed 16 million. If it's not you, it's someone you know. It's a scary time – there's no easy way to say it.

But, there are some things you can do – I don't want to say "take advantage of the pandemic" – that's an awful way of looking at things.

But you have to look at this like a war, and all the rhetoric is the same. In times of great strife, you can make the circumstances work in your favor.

Here are five things you can do.

[Number One: Savings]

Let's start with your savings. I can count on one hand how many people I know who didn't dip into the personal savings at least a little bit. You may have had to.

You may have also noticed that the Federal Reserve cut interest rates back to zero percent back in March, and it hasn't risen much. It has stayed between zero and .5 percent, which is the most drastic action taken since 2008.

This is good news for everyone, and with the rates staying where they are, it matters where you put your money. That's why, if you're saving up for something long term or just dealing with retirement funds, it'd be wise to open up a Roth IRA if you haven't already.

This is a smart move anytime, and I've already talked about the importance of opening one with Biden's administration targeting the one percent. But there are also things you can do outside of a Roth to save smart right now.

For instance, let's say you're saving up for a significant purchase. That means you're going to be making some withdrawals – and even if you're not putting the money toward something specific, you're going to want to be able to withdraw it without any penalties.

Mind you, this should be OUTSIDE of your retirement fund – as you don't want to be making withdrawals there now.

So a No Penalty CD is what you're going to want to look at. For any emergency money, it'd be smart to keep it there. Even with interest rates as low as they are, avoiding any penalties at this point is going to be helpful.

Another option you might want to look at is opening up a savings account with a high-yield. The national average right now on APYs is .06 percent.

In the description, I will include a link to some of the best high-yield savings accounts out there right now. There are five I'd recommend. (ref1)

[2: Consolidating Debt]

Second, consolidating your debt. With interest rates this low, it's a perfect time to manage debt. Let's say you have a lot of credit cards.

I've already done a video about the cards you should always have in your wallet, and if you're already following that, then you're on the right track.

But that doesn't mean you have a lot of debt previous to those cards, or you have debt elsewhere. Well, it's a good time to start managing it. If you've got a lot of credit cards, start looking at cards you can apply for with lower interest rates.

Then, once you have one, transfer the debt from other cards onto the low-interest card. You'll still have to make the monthly payments, but you're going to see the ultimate bill go down considerably.

[2A: Refinance Your Mortgage]

Consider this section 2A, sort of, because we're still talking about monthly payments. But if you are still paying a mortgage, it might be time to look into refinancing it. Mortgage rates are not tied directly to the Fed, but they are down since last year.

The interest rate on a current 30-year fixed mortgage is 3.78 percent, down from last year's 4.83 percent. 15-years are down as well.

So depending on where you're at with your mortgage, your loan, how much you still owe, and whether or not your credit is in good shape – it's a good time to look at refinancing.

Refinancing could save you a ton in interest rates, and you may even be able to pay your mortgage off early.

[2B: Student Loans]

And this is 2B, for my younger audience – you're probably dealing with paying off student loans. And you've probably heard talk of a waiver in student loan interest rates coming up. This is excellent news, but it's not a sure thing.

So if you're holding a lot of debt with a high-interest rate from previous years, just like a mortgage, look into refinancing.

If you refinance with a lower rate now and stick with it through a fixed-rate, you're going to wind up paying a lot less. Bear in mind; you have to have a good credit score for any of this to be possible.

[3: Investing]

Number three, investing. You're probably looking at the market thinking it's a pretty risky time to make any serious buys in stocks.

And you'd be right. The market is particularly volatile right now, and stock-picking is always a dicey prospect. Unless you have stock in Purell, it's not an ideal time to buy in most instances.

But optimism with news of the vaccine has made it a little more promising. No guarantees, but it's not as toxic as it was at times over the last year.

That's why one way you might want to go about investing is peer-to-peer lending. This is a system that matches investors with loaners through online sites like Ratesetter and Zopa. Inevitably, you're going to be taking on more risk, but you'll see better returns.

At any rate, the key to investing at a time like now is to diversify. This is always a smart plan. Warren Buffet stands by simple investment advice, and so do I. If you're going to have money in a volatile market, it's better to have it moving around than staying somewhere it could take a nosedive.

Either way, if you are playing the stock market, it might be a good time to reconsider your portfolio.

[4: Retirement]

And lastly, we've got retirement, where we always wind up. The key to your retirement money not taking a hit – well, first of all, do your best not to touch what you have there. This is why any emergency money you're saving away is better in a place where you can withdraw it without penalty.

But when something like the Coronavirus happens, pension plans take a hit. State and local employee pension funds are facing a collapse. We're looking at upwards of nearly one trillion dollars in costs.

Pensions suffered from underfunding before Covid. Funds are staggered, with 11 million Americans having their checks held up, and this is the second time retirees have taken a significant hit this decade.

Folks, there's no good news here. So what can you do to get your retirement back on track? Many people opt to stay working longer, but that's often easier said than done — and finding a job at an older age could take some time.

You can keep your money in liquid assets. I'd recommend keeping 18 months worth of savings to up to three year's worth in places that can be readily converted into cash or was already cash-on-hand.

This is especially important for small business owners. If you're an owner, it's always essential to keep cash-on-hand. You may have to pay employees or pay for some unexpected expenses. And given the pandemic's impact on your revenue and sale valuation, you're going to want money to keep that business running.

So that's one way to free up cash without touching your retirement – which is the ultimate goal, right? If you have to, the CARES Act allows you to withdraw $100,000 in retirement funds without getting hit with the 10 percent fee. That's only for those under 59, however.

What about your contribution? Some companies are reducing them by about 14 to 16 percent, so it'd be wise to check with your employer if you have one and find out what changes are going into effect.

A question I've gotten a lot is whether or not it's wise to pay more contributions if the future is as uncertain as it is. Overall, though, the benefits outweigh the risk. You're going to wind up saving a lot 20 years down the line, and you can make them into a Registered Retirement Savings Plan, or just a TSFA.

[5: Basic Budgeting]

Now, I don't want to dwell on what you're cutting back on. It's not that much fun talking about the ways the pandemic has affected your ordinary budget. And we've got a pretty good plan in place in any circumstance.

Sticking to the 50/30/20 rule in even the most challenging times is a smart plan, but you might want to try and increase what you're saving – it's okay to reconfigure those percentages if you need to.

But as a general rule, it still holds water. There are some things you can do, though, to reassess what you're spending month-to-month. You may be able to free up some money you forgot you were paying.

It's not hard when you have automatic payments set up for gas, heat, electric, rent, and streaming services to just flat-out forget, "Oh, I guess I still have a subscription to Rolling Stone."

Let's start with streaming services. Most of us use Netflix, Hulu, Amazon Prime, and whatever specialty networks we enjoy. With the end of the year and holidays looming, many of these services offer subscriptions for even less than usual.

But they add up. If you've got more than the essentials, that's okay, but you may want to start paring them down a bit. Stick to what's necessary unless you know you can afford it.

But that leads to an even bigger charge you might be able to lessen: your internet provider. Maybe it's time to look at how much you're paying, what you need, and what else might be around.

Phone lines – I know some people still have a landline. It's a little retro, but I like it. Unless it's necessary now, I think it's something you can do without. Cell phones are easier to work with than ever, and you don't need an expensive feature-packed smartphone to make calls and text.

Again, a lot of this is common sense stuff you can mostly figure out on your own, but now is the perfect time to start examining your spending habits. Not only does the pandemic give you a little extra time to do it, you're going to thank yourself later.

So what did we learn today?

We've gone over what the stimulus might provide if Congress gets their act together. Here's to hoping. But in the meantime, there are things you can do now to help manage your money smarter during this difficult time.

As I've said, there are ways to consolidate debt, thanks in large part to the Fed cutting interest rates so drastically. And that's really the big takeaway from everything that's happened this year. If you're looking for one positive out of what has been a particularly crummy year, it's that interest rates have remained low.

But that's not everything, because Covid hit your retirement, and it could still get worse. The best thing you can do right now is to avoid any early withdrawals and keep some emergency money elsewhere for any unexpected difficulties you may experience.

Beyond that, it's all just common sense budgeting.

Alright guys, thanks for watching! I hope you've learned a thing or two. If you did, go ahead and smash that "Like" button, subscribe for more, and be sure to click that little notification bell to know when I upload. I post at least once a week, if not more, and I'll see you next time!

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ref1:
https://www.cnbc.com/select/why-high-yield-savings-account-interest-rates-fluctuate/#:~:text=The%20national%20average%20APY%20on,with%20today's%20lower%20Fed%20rates