



It's Time for Your 2021 Fall Financial Checkup

Getting your finances right before the end of the year.

Fall is officially here! While 2021 has certainly been a better year than the last one, it's still be challenging for people's finances. As prices continue to rise and pandemic relief programs start to wind down, it's important to take some time to check in your finances and plan for the end of the year. That way, you can make through the expensive holiday shopping season and start the New Year on the right foot.

To help you get started, KOFE has put together this fall financial checkup, so you can focus on all the financial areas that need your attention right now. And remember, if you're having trouble balancing your budget or paying credit card balances down, we can help. Call the number listed on your KOFE portal for a free debt and budget evaluation from a certified credit counselor.

TIP NO. 1: REVIEW YOUR CREDIT REPORT

The big three U.S. credit bureaus (Experian, Equifax, TransUnion) are still offering free weekly credit reports through April 2022. This means you can download your reports for free anytime through annualcreditreport.com.

Checking your credit reports is always a good idea. Studies show that consumer credit reports often contain errors that can damage a consumer's credit score. But it's especially important during this current economy.

If you've used deferment or forbearance on loans and credit cards, you want to make sure your accounts current. Credit issuers are not allowed to report deferred payments as missed, but mistakes can happen. So, you want to check your credit reports to make sure all the information listed is accurate.

TIP NO. 2: CHECK YOUR CREDIT CARD BALANCES

The holiday shopping season is the most expensive time of year for most Americans. The average person spends over \$1,300 and much of that expense ends up on credit cards.

You want to make sure you're heading into the holiday season with your balances as low as possible. Review your balances, as well as your interest rates.

If you are a carrying balances across multiple cards, plan to reduce your debt as much as possible now. That will give you more breathing room in case you use your credit cards to make travel reservations or holiday purchases in the coming months.

TIP NO. 3: REFRESH YOUR BUDGET

Expenses can change throughout the year, especially in fall when most kids headed back to in-person learning in school. This makes fall the perfect time to review your budget and make any adjustments you need before the end of the year.

As you look at your budget numbers, consider the following:

1. Are there any expenses you can cut or cut back on so you can free up more money for holiday spending?
2. Are there things you're paying for that you don't use, such as subscription services that you've already binged your way through?
3. Are you able to dedicate money to saving consistently, so you can continue building your emergency fund?

TIP NO. 4: GET A HANDLE ON HOUSING COSTS

The CDC [eviction moratorium](#) ended on October 3 and the Federal Housing Administration (FHA) [foreclosure moratorium](#) expired on September 30.

IF YOU ARE A HOMEOWNER...

The end of the foreclosure moratorium is also the end of period where you could have asked for mortgage forbearance. Currently, under the extension of protections offered by the CARES Act, lenders must offer 180 days of forbearance for homeowners who are struggling to make their payments. Time is running out, so if you are having trouble making your mortgage payments, now is the time to contact your lender.

If you've already requested forbearance and your forbearance period ends soon, you also need to talk to your lender. You need to know how the lender expects you to catch up on payments or if they will extend the term on your loan. If they expect you to catch up, you can need to review your budget and see how much you can reasonably afford to pay in catch-up payments. Then work out the payment plan with your lender.

IF YOU ARE A RENTER...

Emergency Rental Assistance Programs are still available in many states, counties, and municipalities. These programs can pay for up to 12 months of past-due rent, past-due utilities, and up to three months of future rent and utility payments.

If you are behind on rent, now is the time to apply for rental assistance. You can call 1-800-435-2261 to connect with a HUD-certified housing counselor who can provide free rental counseling.

Even if you've applied and been turned down, you may still be eligible for other programs. These payments can be crucial for help you avoid eviction on the moratorium runs out.

TIP NO. 5: START PLANNING FOR FEDERAL STUDENT LOAN PAYMENTS

Federal student loans are currently in automatic deferment and interest rates have been suspended. However, that all ends at the end of January 2022. And while that may seem far off, in reality it means you have five months until your payments start again.

If you are worried you won't be able to make your payments once they start, don't wait to talk to your loan servicers. Ask about enrolling in an income-based repayment plan, which will match your payments to your income. This can mean you may pay nothing and avoid penalties if you are unemployed or underemployed.

It's also worth noting that if you can make payments now, you can pay off a significant portion of your debt over the next five months. That's because with interest frozen, 100% of every payment you make will do towards paying down the principal debt you owe. That can give you a huge advantage to eliminating some of your student loan balances.

TIP NO. 6: CHECK IN ON YOUR RETIREMENT SAVINGS

The stock market volatility caused by the pandemic meant that many people's retirement savings took a hit. What's more, the CARES Act expanded savers' ability to access their retirement funds penalty-free. You may have taken funds out retirement savings last year to get through the challenges that the pandemic created. If so, you want to set a plan to pay those funds back into your retirement accounts as soon as possible. Keep in mind that taking funds out of a retirement account means you also lost the growth on that money. So, if possible, you may want to up your contributions.

Even if you didn't withdraw any of your retirement funds, check in on your balances to see if you're on track. If you haven't used your free consultation with your plan advisor yet this year, schedule an appointment to meet with them before the end of the year. That way, you can talk strategy for allocating your funds the right way for 2022.

TIP NO. 7: GET A HEAD START ON YOUR TAXES

Annual income tax returns will be due to the IRS on Friday, April 15, 2022. And you want to get started with your tax planning early. The pandemic may still impact your tax liability for this year in ways that you haven't considered:

1. If you have claimed the Advance Child Tax Credit payments, then your refund may be smaller than you expect next year. That's because you've been receiving the additional funds over time, so the offset that the credit offers won't be as big as you think.
2. Federal student loan holders will also not be able to enjoy the offset that they get from deducting student loan interest payments. Since interest has been frozen for the entire year, there will be no deduction for student loan interest paid for anyone this year.
3. If your mortgage has been in forbearance you will also lose the deduction you enjoy for mortgage interest paid.

These reductions in deductions and the CTC advances may have a significant impact your tax liability. But there is also good news. The IRS is still allowing taxpayers to [**claim up to \\$600 in charitable donations**](#) without itemizing deductions. So, if you're worried about your tax liability, you may want to consider upping your donations over the coming months.

TIP NO. 8: SEE WHERE YOU STAND ON YOUR FINANCIAL GOALS

Remember all those great financial resolutions that you had at the beginning of the year? Now is the time to check in on them. The economic uncertainty over the past nine months may have gotten you off track, but there's still time to catch up. Look back at what you had planned for your finances this year. If you haven't made progress, now is the time to recommit to what you wanted to achieve.

If you didn't have any financial goals set for this year, then get started now. Do you want to buy a house or a car next year? Will you have another major purchase in 2022? Then it's time to start saving. If you want to improve your credit, download a free credit monitoring app and start tracking your score.

TIP No. 9: MAKE SURE YOUR FAMILY AND YOUR ASSETS ARE PROTECTED

Insurance is more crucial now than it's ever been. You need to make sure you have adequate health insurance in case something happens. You also need to make sure you have adequate life insurance.

And, with all the storms raging across the country, you need to make sure you have the right insurance for your home, even if you rent. Review your policies to see what's covered and what's not. If you have questions, block out some time to talk to your agent so you can ask questions.