



How to Prepare for a Recession

The economy is in a recession, and you're not alone if you've been feeling the impact. But what does that mean for you? What should you do to prepare for a recession? How can you balance debt, inflation, and savings?

Here are some tips on how to get started.

Create a budget

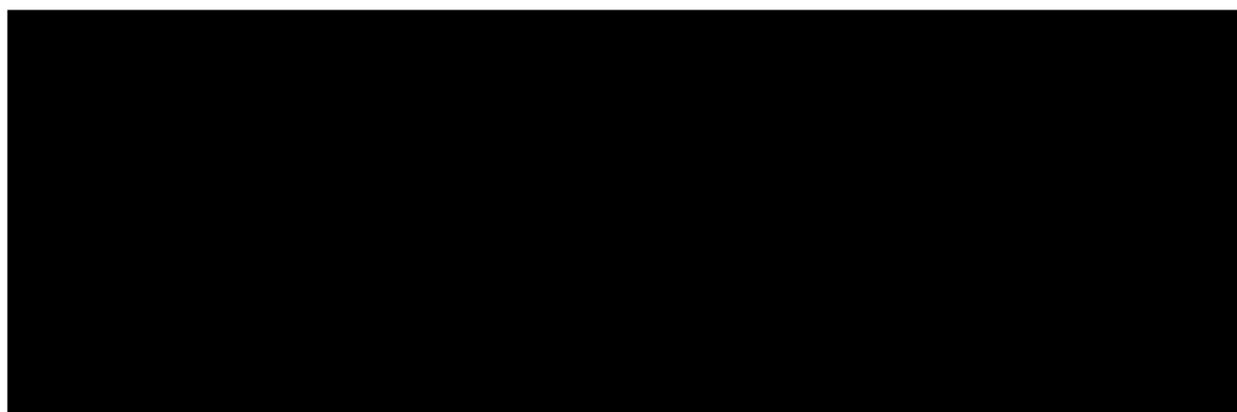
You can't save money if you don't know how much you can afford to spend. It's important to create a budget because it gives you insight into how much money is coming in and going out. You can use it to track your expenses, avoid overspending, and set aside money for savings or paying off debt. Smart spending, and saving, is a good habit to start sooner than later.

Creating a budget is simple.

- Figure out your monthly income and expenses, such as rent or mortgage payments, prescription medicines, groceries, gas, and other bills.
- Add up all your expenses, and then subtract the sum of your expenses from your total income.
- Depending on your cash flow, or how much money is going in and out of your accounts, you may have disposable income (or you may want to consider adjusting your spending habits).

Goals help keep track of your money-saving milestones, too. Write down some budget goals like paying less at the pump or investing disposable income into a savings account, and celebrate your financial achievements!

And most importantly: stick to your budget!



Cut down on monthly expenses

Monthly expenses are recurring costs like utility bills, car payments, insurance premiums, and many other services.

Saving on monthly expenses during a recession doesn't have to be complicated.

- Cancel those subscriptions (you don't use). Subscription services aren't cheap. Amazon Prime, Netflix, Disney+ (or whatever other premium you're paying) add up. Budgeting for entertainment is half the battle, but monitoring how much you use a subscription can help you decide whether or not to keep it.
- Make sure your bills are set to autopay so that no payments are missed. Paying off overdue bills or debt (like college loans or credit cards) adds to the interest you owe, which means more money out of your pocket each month.
- Put your disposable income somewhere you can't immediately access it. Investing money into growth accounts or stocks brings in more income, but it also stops you from spending your extra cash. This is great because it means there will be less temptation to spend that disposable money on things you don't need.

Start an emergency fund

An emergency fund is the money you have set aside to cover unexpected expenses: medical costs, home repairs, and car repairs. During a recession, especially during a pandemic, emergency funds will save you from financial setbacks, and further debt. Starting an emergency fund is easy if you're saavy saving.

Remember that disposable income you saved up from budgeting and cutting down on recurring expenses? Put that money toward your emergency fund. Thank yourself later.

Prepare with

The best way to prepare for a recession is to seek financial counseling. offers resources and information, and a financial consultation is free.

Talk to a Counselor today to figure out your budget, set goals that stick, and get a checkup on your financial wellness.