50 Money Moves to Make in a Recession

by Hanna Horvath

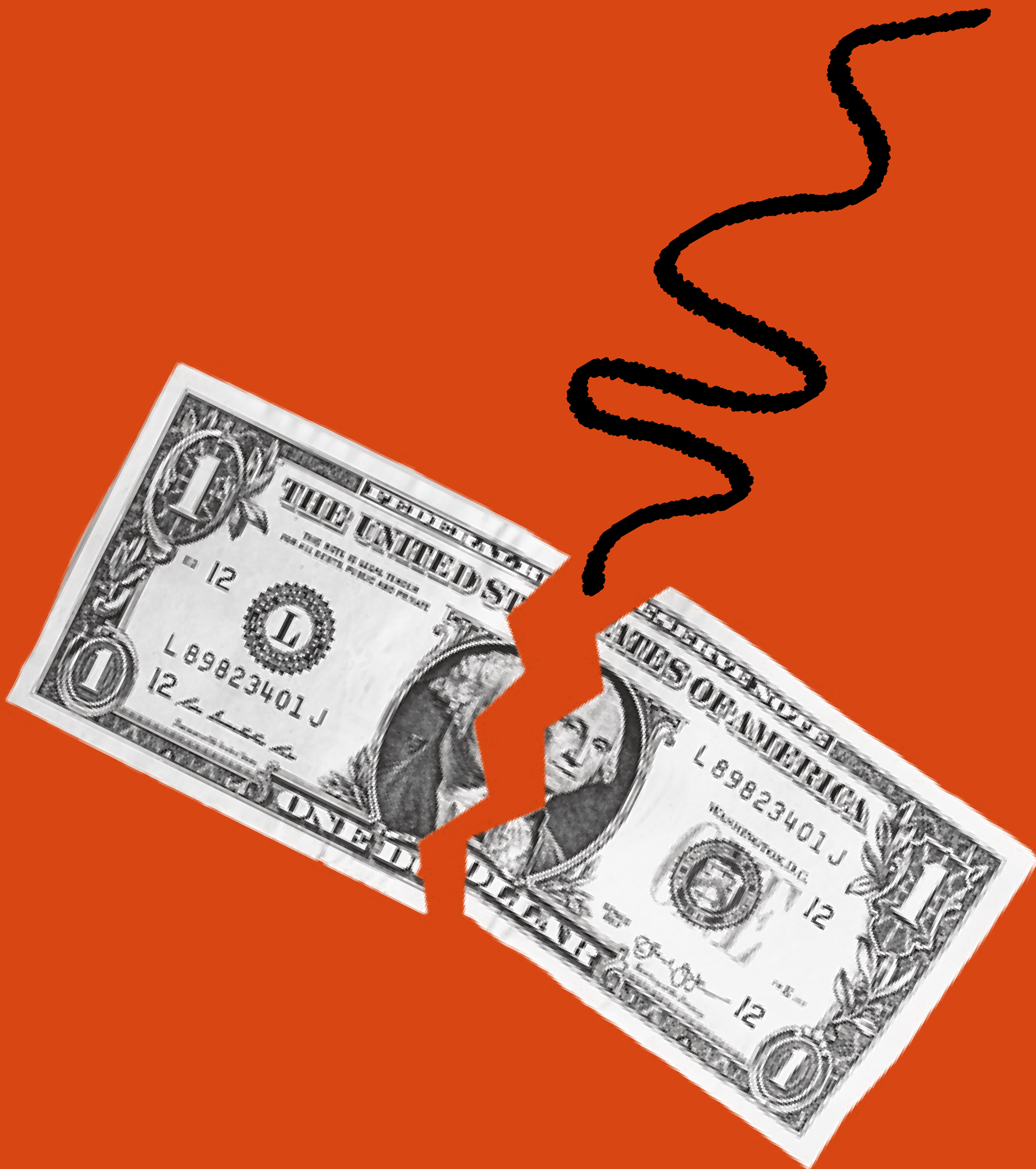
Easy Money
by Policygenius

A complete guide to managing your financial health and thriving during a recession. Our e-book helps you get organized, take action and prepare for the future. For more financial advice, money news and money moves, look out for our Easy Money newsletter.

www.policygenius.com/newsletter

Table of Contents

What is a recession?



It's safe to say we're in a recession, and it's unclear how long this one will last.

The National Bureau of Economic Research determined the country entered a recession in February, putting an end to 11 years of economic growth.

Considering how strong the economy was leading up to this year, you may be feeling a bit of whiplash. Now is a smart time to revisit your personal finance strategy and reduce some of the risks you may be taking. But before you begin selling your belongings and moving to a bunker, let's explain what's going on.

"This recession has gone on for a number of months already and it's clear it's going to be a lot longer than that," said Rob Bertman, founder of Family Budget Expert. "Everybody should be doing something to make their money recession-proof."

What is a recession?

A recession is a period of economic decline, defined by increasing unemployment, a dropping stock market and slowing home sales.

Recessions aren't a blip on the radar — they last anywhere from several months to several years.
(For context, the Great Recession lasted from December 2007 and ended in June 2009, though the recovery lasted much longer.)
It's difficult to predict when this recession will end because we're still in it. Recessions can have severe long-term effects on your personal finance and financial health. They can hurt investments and goals, and can lead to job loss.

You can't control the economy. But you can control how you manage your money through the storm. Taking the wheel on your finances during a recession can restore feelings of control and lower stress — and save you money. The sooner you act, the more likely you'll come out of the recession (somewhat) on top.

Here's our complete list of 50 money moves to make during a recession.

Get organized

1. Assess your current plan
2. Adapt your budget
3. Talk to your partner
4. Follow financial news
5. Download an app

1 Assess your current plan

A recession can drastically change your situation. Maybe your income has been reduced or cut off entirely, or you have to support a loved one who's moved in. Now's the time to revisit your strategy. Reassess how the new reality affects your financial priorities.

IIt's important to keep your emotions in check and make sure all decisions line up with your broader, long-term objectives.

Setting up actionable metrics — like putting $10,000 into a 529 plan or saving $15,000 for a new car — can motivate you to tackle your goals.

"Having a financial foundation is rule number one," said Bari Tessler, financial therapist and author of *The Art of Money*. "It's good to be prepared before these big curveballs happen, but in life there are always going to be some financial challenges."

2 Adapt your budget

Budgeting sounds daunting. But a budget is simply a tool to show how much money you're spending and what you're spending that money on. During tough times, a budget can show where to cut back. If you don't have a budget, now is the time to make one.

If your budgeting tactics aren't working, try the 50/30/20 rule, a simple breakdown of where to put your money. According to the rule, 50% of your expenses should go to needs — like food and rent — 30% should go toward wants — the nonessentials — and the remaining 20% should go toward savings.

Persistence is key. Like with any habit, adjusting to a budget takes time. Don't get frustrated if you don't get it completely right the first couple of months.

"Most people don't know the first place to start with getting their finances in order," said Lindsay Martinez, certified financial planner and owner of Xennial Planning. "Budgeting helps you identify and eliminate things you don't even realize you're paying for."

3 Talk to your partner

Couples who talk regularly about money are more likely to have a financially harmonious relationship. When hard times hit, staying financially transparent with your partner can help avoid negative surprises. The best way to open a line of communication is by working on a budget together. Go through your spending and consider together what line items can be cut, adjusting when necessary.

Scheduling a regular money check-in can get couples on the same page with their long-term financial goals. Set aside a bi-weekly or monthly time to sit down with your partner to go over expenses and track progress toward shared money goals.

"In any time of stress you want to work together as a team, and see where those new goals and financial differences are," said Michelle Buonincontri, certified divorce financial analyst and founder of Being Mindful in Divorce. "Consider your priorities and values."

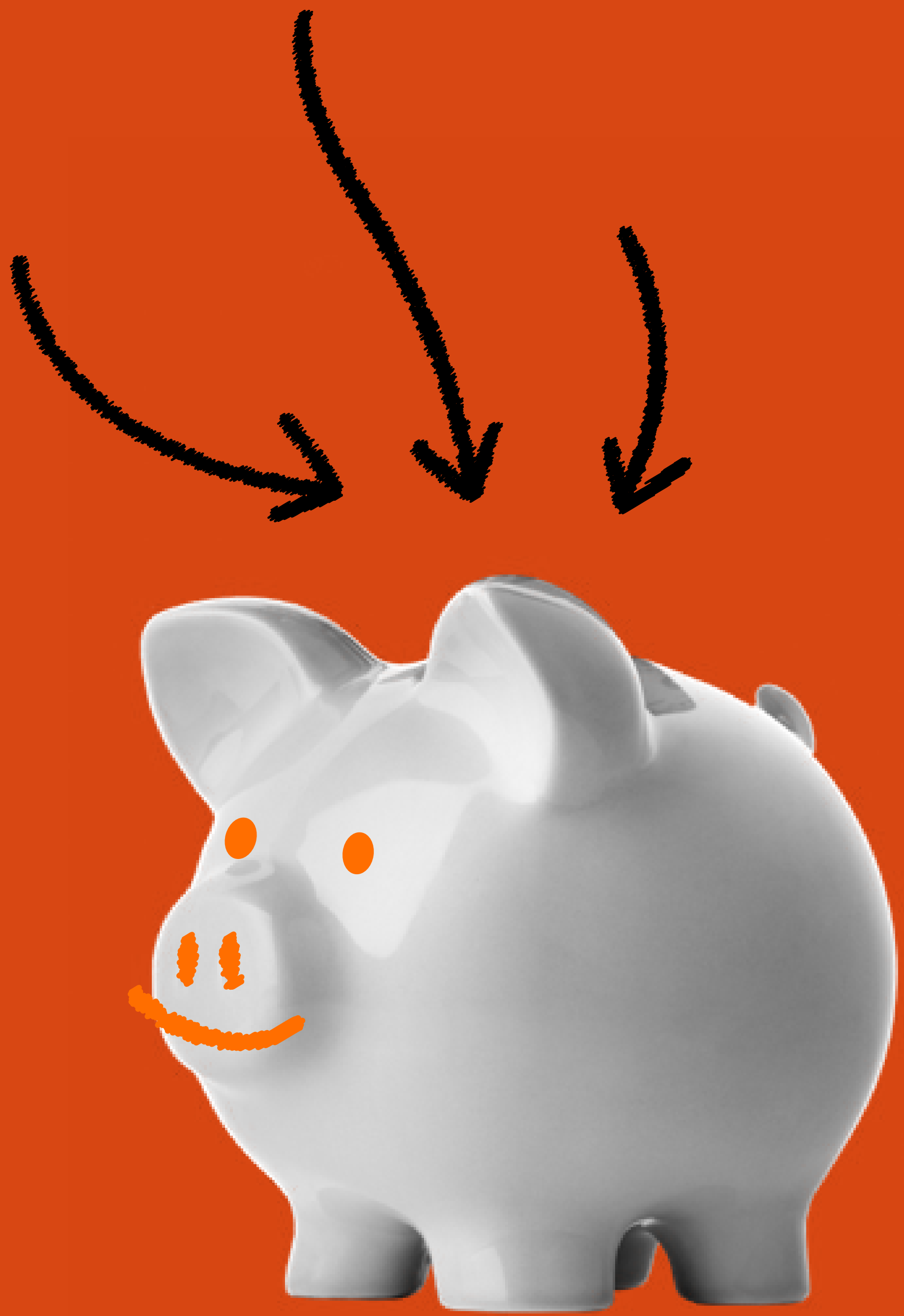
4 Follow financial news

Staying abreast of financial news during a recession can help you understand how the current economy affects your personal finances. An easy way to stay informed is via newsletters or podcasts. They can provide a digestible explainer on current events, and may give you a new perspective on how to get out of debt, invest or grow your wealth.

5 Download an app

Making financial decisions during a recession can be stressful. A financial app can do the heavy lifting for you. There are apps for banking, investing and budgeting. Depending on the app, users can set goals, track bills and build a nest egg. Many apps link to your bank accounts and give a holistic view of your finances so you'll always know what you're spend-ing, what you're saving and how you're stacking up against your new recession-based goals.

Prioritize savings



6 Boost your savings ratio

7 Build an emergency fund

8 Embrace liquidity

9 Lock in higher rates

10 Try a money market fund

11 Automate savings

6 Should be boost your savings ratio

Probably the most obvious advice during a recession: save.

Basic personal finance advice encourages you to save at least 20% of your paycheck each month. But it's a good idea to aim higher, especially during times of economic uncertainty. How do you start?

There's no one-size-fits-all savings plan. How much you should save depends heavily on your current financial picture, family situation and future goals.

Breaking down your goal into manageable steps will make building a year-long emergency fund less daunting. Figure out what saving schedule works for you and commit to contributing the funds you've set aside in your budget for emergency savings until you reach your goal.

Consider small changes, like brewing coffee at home or skipping takeout, and adopt new habits, like cooking at home or doing your own repairs. Continue to monitor your savings plan and make adjustments as needed.

"If you have a job and are still making money, there's no excuse to not be turbo-charging your savings," said Jill Schlesinger, certified financial planner, CBS business analyst and host of the "Jill on Money" podcast.

7 Build an emergency fund

An emergency fund is savings set aside to help cover unexpected bills. Emergency funds can also help cover your regular expenses should you lose your job or have your income cut. The common rule of thumb was to save three to six months' worth of expenses — but during a recession, you may need to save more. Experts now recommend having six to 12 months of savings on hand.

To set your emergency savings goal, recalculate all essential monthly expenses — food, rent, bills, transportation and other necessities may change during a recession — and multiply by the number of months you want to save. Keep in mind the number is flexible and based on your financial needs. The key is to strive for enough to cover unexpected emergencies without neglecting other priorities.

"You need to have plenty of savings on hand," said Schlesinger. "That shouldn't matter if you're in a recession or not."

8 Embrace liquidity

A knee-jerk reaction during a pandemic may be to run to the bank and withdraw your money. While it's not the smartest financial move (cash doesn't earn any interest), it makes sense to make your savings a bit more liquid (or readily accessible).

If you keep all your money in bills, you'll lose out on interest earnings and be more inclined to spend money on hand. Leave it in a bank or high-yield savings account until you need it. High-yield savings accounts are typically offered by online banks and have lower expenses. An important note: Interest rates have fallen drastically. High-yield savings accounts are hovering around a 1% annual percentage yield, down from close to 3% a year ago. Still, interest rates are higher than traditional savings accounts, and definitely higher, and safer, than keeping your money in physical form.

"Become ruthless in your spending cuts," said Buonincontri. "It's about getting creative with what you can scale back from your budget. Having a budget that supports your goals is a no brainer."

9 Lock in higher rates

Certificates of deposit typically offer higher interest rates than high-yield savings accounts, but you can't touch the money until the term is up. Like we suggested above, make sure you have some accessible savings in a traditional savings account. But you may want to consider a CD to achieve one- to five-year goals, like buying a car or putting money down on a house. While you want some money reachable during a recession, especially when hard times strike, making part of your savings inaccessible can help you avoid spending down your nest egg.

Other savings alternatives include a 529 plan, 401(k) plan, stock portfolio or individual retirement account (which we'll talk about later). But again, these accounts aren't as liquid as a traditional savings account and shouldn't be used for emergency savings.

10 Try a money market fund

Some investments are (almost) entirely risk-free, making them a good place to grow your savings without the potential for complete loss. One option is a money market fund, which are pools of short-term bonds, certificates of deposit and other low-risk investments sold by brokerage firms. These funds are considered very safe, and you can usually take out your money any time without being penalized. If you're looking for growth, consider investing strategies that better match your goals.

Like high-yield savings accounts, transfers from money market funds can take a few days, so you may want to keep a portion of your emergency money in a more accessible place.

11 Automate savings

Set up automatic transfers to divert funds into your savings account. Designate a certain amount of your paycheck to go into savings, taking the guesswork and scheduling out of the equation, as well as the temptation to use the money for something else.

Cut costs

12 Cut needless spending

13 Monetize old stuff

14 Look for discounts …

15 … and rewards

16 Be smart with bonuses

17 Claim tax breaks

18 Get tax-free childcare

19 Update your tax withholding

12 Cut needless spending

You should always look to trim the fat from your budget, but it's especially important during a recession.

Cut out unnecessary expenses, including meals out or the gym membership you never use.

Subscriptions are a common money suck. Netflix, Hulu and HBO can be an affordable way to watch the TV shows and movies you love, but can be expensive when combined together. Cancel services you no longer use.

> "Become ruthless in your spending cuts," said Buonincontri. "It's about getting creative with what you can scale back from your budget. Having a budget that supports your goals is a no brainer."

13 Monetize old stuff

A recession is a good time to take stock of your assets. Obviously this includes your real estate and investments, but smaller personal belongings, like furniture also hold value. Got an old couch you never use? Or perhaps you're due for a closet clean-out? Your unwanted stuff can make cash to put toward your new money goals.

Try selling used clothing on websites like Poshmark, Thredup and Tradesy, and old books on Bookscouter (or your local used book store). For all other belongings, including furniture and electronics, try Amazon, eBay, Craigslist or Facebook Marketplace. Just about anything can be sold on Amazon and eBay, though both companies charge a fee to sell an item. Craigslist and Facebook Marketplace, on the other hand, are free to list, but you must arrange the payment method and meeting place yourself.

14 Look for discounts …

Saving additional money during financial hardship pays off. Extra funds can beef up your emergency fund, pay off debt or go towards another money goal. Discounts are a small way to get there.

For the financially savvy, discounts can be found just about anywhere you look. For example, if you're an Amazon Prime member, you can qualify for free shipping, audiobooks, cash rebates, Whole Foods deals and more. Discounts can be job-specific; for example, military members and nurses may get discounts on specific items, like car insurance. And don't be afraid to speak up: During hard times, discounts sometimes come to those who ask.

15 … and rewards

The same goes for rewards and loyalty programs. Some credit cards come with additional rewards, from travel miles to cash back on groceries.

Loyalty programs can come in handy during hard times, especially if you frequent a specific store. Join your grocer's rewards program, if they offer it. Not only will you get updates on the most recent deals and discounts, you may be privy to specials non-members can't get. The same goes for airlines, hotels and car rental programs.

16 Leverage bonuses

Work bonuses may be few and far between during a recession, but if you receive a windfall, like a tax refund or stimulus payment, put it to good use. First, use the money to pay off debt, and then boost your emergency fund. If you have money left over, consider investing: Up the contributions to your 401(k), open an investing account with a robo-adviser or start an individual retirement account.

17 Claim tax breaks

The IRS has dozens of tax credits and deductions you can claim to reduce your tax liability. During recessions, it's best to take all available deductions. Credits are subtracted from the amount of taxes owed for the year, while deductions are subtracted from your income before calculating your taxes.

Understand all the credits and deductions available to you. When it comes to deductions, remember you can only choose the standard deduction, which doubled in size after 2017, or itemize your deductions. You can't do both. Itemize your deductions only if they are greater than the standard deduction. It may help to talk to a professional about your best options.

18 Get tax-free childcare

Saving money wherever you can during a recession includes childcare. Consider opening a dependent care flexible spending account. It's a tax-advantaged account offered as an optional benefit through an employer, allowing you to pay for dependent care. The tax savings are the biggest advantage of using a dependent care FSA. It's usually a no-brainer if your employer offers one and you'd be paying for care anyway.

Keep in mind an FSA eliminates taxes on expenses up to an annual limit ($5,000 for individuals and married couples in 2020). Any expenses outside the limit is paid out-of-pocket with after-tax dollars, and you must use the funds in your FSA by the end of the year or you will lose them.

19 Update your tax withholding

We know, so boring. But an updated W-4 can save you thousands throughout the year. The form tells your employer how much to withhold from each paycheck for taxes. If you overpay during the year, you will get a refund when you file your tax return. Sounds nice, but that refund is your money the government was holding on to, interest-free. During a recession, you probably don't want to wait until April to see the money.

If you don't pay enough throughout the year, you will owe a bill come tax season. By filling out your W-4 properly and by updating it regularly, you can maximize your take-home pay and avoid a big refund or bill.

Long-term goals

20 Increase 401(k) contributions

21 Open an IRA

22 Make a Roth conversion

23 Set up a 529 plan

20 Increase 401(k) contributions

While it may be tempting to stop contributing to retirement during times of financial stress (or even taking a withdrawal), resist the urge. You could miss out on valuable future gains if you stop putting money in.

A convenient way to contribute is through your employer's 401(k), a qualified retirement plan employers open to help their employees save. Contributions are tax-advantaged and earnings build up over time, thanks to compounding interest.

Stock market volatility can erode retirement savings. If you're close to retirement age, consider shifting your assets away from stocks to less volatile investments like bonds, to protect your money from additional fluctuations.

If you're able, give more: Even just boosting contributions a percentage point can lead to big gains over time. And if your employer offers 401(k) matching, take advantage of it, or else you're just leaving money on the table.

21 Open an IRA

If you don't have access to a 401(k), or wish to save more, consider an individual retirement plan. You can contribute up to $6,000 in 2020, or $7,000 if you're 50 or older. Contributions to a traditional IRA are pre-tax and there are no income limits.

You have more control over the investments in an IRA than a 401(k), and you don't have to worry about rolling over funds if you lose your job or change careers. Contributions to traditional IRAs also reduce your tax burden (which comes in handy during tough financial times).

22 Make a Roth conversion

Roth IRAs are retirement savings accounts funded with after-tax dollars. You'll pay taxes up front on contributions, so you won't have to pay taxes on money you withdraw in retirement, unlike 401(k)s or traditional IRAs. The tax advantages of Roth IRAs are beneficial if you expect to retire in a higher tax bracket than you're in now, which is common since many people earn more later in their careers than at the beginning.

One way to protect your nest egg during a recession is to convert a traditional retirement account to a Roth IRA. It'll cost you up front in taxes, but if you can afford the bill, now may be the perfect time to do a conversion, despite the slumping economy. It's more affordable than ever: Tax rates are low and your retirement savings — and current income — may be lower than usual.

Taxpayers can also take advantage of historically low tax rates, which are set to expire at the end of 2025. When you convert a traditional IRA or retirement plan to a Roth IRA, you'll have to pay income taxes on the entire account balance. This may be one of the best times to pay that tax bill. The market is down, so your account balance will be lower — and the tax bill to convert your account will be smaller.

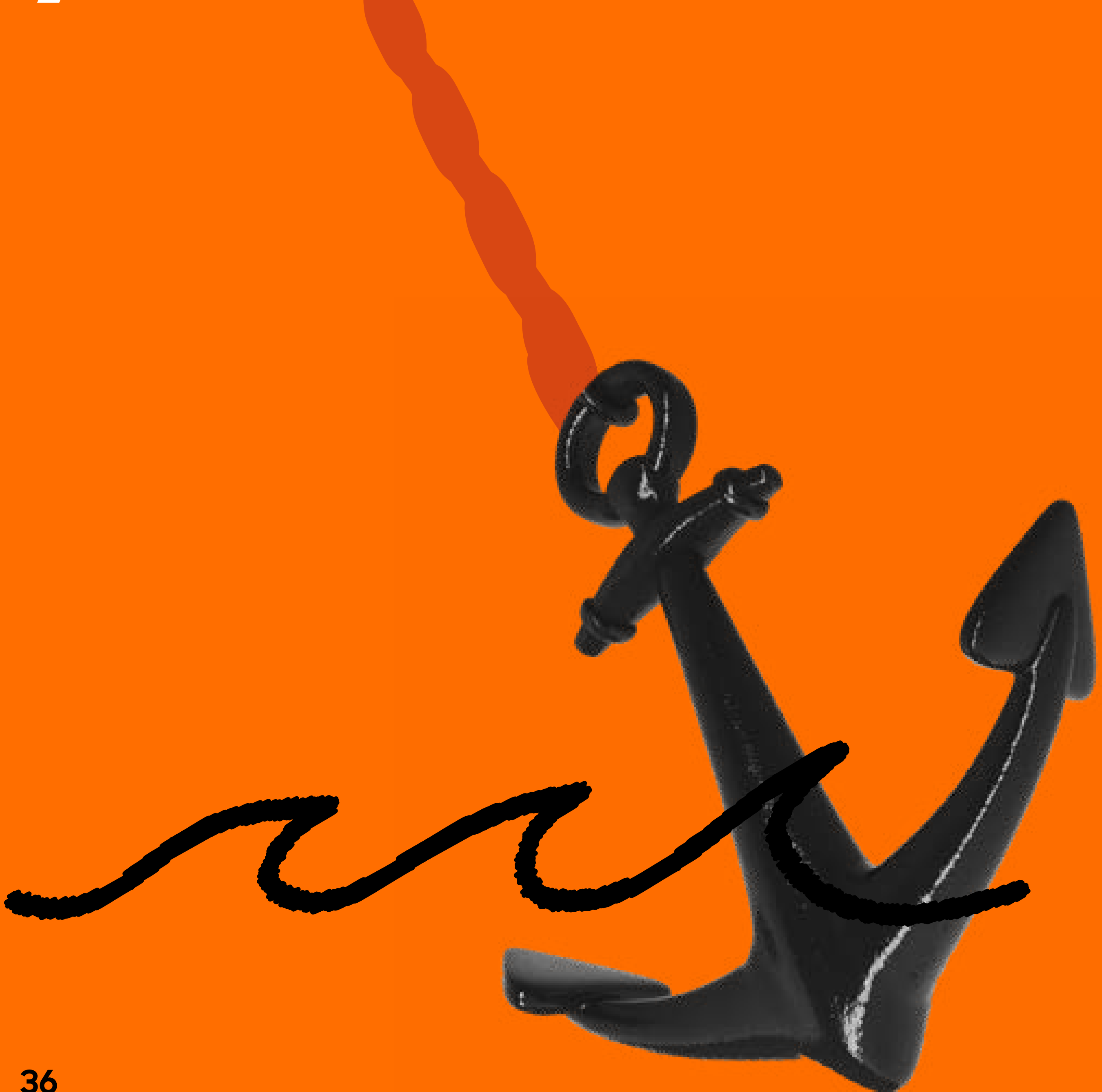
"Allowing assets to grow tax-advantaged in a Roth, increases the potential opportunity to have a greater after-tax nest egg," said Buonincontri.

23 Set up a 529 plan

Similar to retirement savings, your college savings account balance may have taken a hit. But how you restructure your plan depends on your kid's age. If your children are young, there's a strong chance the markets will rebound by the time they go to college. A smart way to save for college is via a 529 plan, a tax-advantaged savings account that helps with education expenses, including college and private secondary education. Every state offers its own 529 plan, but participants can choose plans across state lines.

The earlier you begin saving for college, the more time your money has to grow. Whether you have a specific goal in mind or just want to save as much as possible, starting early can help you get there. Add a college savings contribution to your monthly budget, but make sure it's realistic and doesn't take away from other priorities.

Master your debt



24 Pay off bad debt

25 Monitor credit

26 Boost your score

27 Negotiate with creditors

28 Request a credit limit increase

29 Refinance your mortgage

24 Pay off bad debt

You don't want anything dragging you down during times of financial stress, and debt is one of the biggest burdens. Debt is easy to fall into when times are tough, and credit card debt is one of the more insidious forms because interest rates are high. Prioritize getting bad debt under control, including personal loans and credit card debt. There are a couple of ways to do so.

One popular way is the avalanche method: If you have multiple loans, pay off the higher-interest loans first, starting with the one with the lowest balance. Not only will it give you a sense of completion, you'll also save on the interest those loans would have cost you in the future. But don't forget to make the minimum payment on the other loans to avoid going into default, which will hurt your credit.

Even if you're paying down debt, many experts agree it's important to prioritize saving. Focus first on loading up your emergency fund with one month's worth of living expenses. After that, turn to your debt.

25 Monitor your credit

Your credit score helps you qualify for loans and credit cards, and a better score can mean lower interest rates, cheaper insurance and more. Watching your credit on a regular basis helps you know where you stand.

Regularly read your credit report and identify any mistakes or inaccuracies, which hurt your credit if not reported. Request your credit report via AnnualCreditReport.com. Due to the current pandemic and recession, the three credit bureaus — Equifax, Experian and TransUnion — are offering free weekly reports through April 2021.

Don't forget about your credit card statements. Your credit card statement includes information like changes to your account or late payment warnings. It also includes most recent transactions, helping you identify any fraudulent charges and track spending.

26 Boost your score

As we said before, a good credit score can indirectly save you money on things like insurance premiums and mortgage interest rates. A high score indicates you're likely to pay back a loan, which creditors love to see, especially during a recession, when many Americans' finances are taking a hit.

The biggest risk to your score is late or missed payments. Your payment history accounts for 35% of your credit score, so prioritize paying all of your bills on time and in full whenever possible.

Disputing mistakes on your credit report is one way to boost your credit. But the most important action is to pay off any credit card balances and shore up any delinquent accounts. Especially during a recession, limit your new credit inquiries. They account for about 10% of your score, but too many in a short timeframe aren't a good look, and lenders might think you're desperate for credit and prone to overspend.

27 Negotiate with creditors

It doesn't hurt to ask. Some creditors are more likely to agree to payment plans or deferrals during a recession, which can protect your credit score in the months to come.

Come prepared with alternatives to payment and a goal of when you can pay off your debts. Bills to negotiate include cell phone bills, utility bills and even mortgage and student loan payments.

"Call up your credit card company, for example, and ask if they have any options," said Buonincontri. "Believe it or not, lenders don't want you to default on your debt, they want you to pay."

28 Request a credit limit increase

If you're in good standing with your credit card, consider requesting a credit limit increase. Having a higher limit can boost your score as long as you don't increase spending or carry a higher balance. This may be a smart money move if you plan to use your credit card more in the coming months. Just make sure you're not spending more than you make.

29 Refinance your mortgage

Mortgage rates typically fall during a recession. Some homeowners can take advantage by refinancing, which means taking out a new mortgage loan with lower rates and monthly payments in place of your old one. Though refinancing comes with fees, it can be worthwhile if rates are low enough.

"If you're lucky and still have income, now is the time to make a move." Schlesinger said. "As long as you run through the numbers, of course."

Big-ticket money moves

30 Buy a home

31 Downsize your home ...

32 ... and your car

30 Buy a home

Because mortgage rates tend to drop during a recession, now may be a good time to buy a home. Renters may want to consider home buying as a way to build equity.

Know your price limits before shopping around. A mortgage calculator can help set price boundaries by determining future monthly costs. Remember, monthly mortgage payments aren't just principal and interest. They also include property taxes and homeowners insurance. Beyond the mortgage, there are other costs to consider, including home inspection fees, property taxes and title fees. Once you crunch the numbers, you'll have a better sense of what's financially feasible for you.

Believe it or not, you can negotiate for better mortgages rates. But it's not as simple as walking into the bank and demanding a deal. You'll have to prove you're worthy of lower rates — so make sure your credit is in order first. Don't be afraid to shop around. But remember: The company with the lowest up-front mortgage rate might not actually be the "cheapest" company once points, fees, and closing costs are tallied up. If you prefer one lender, don't be afraid to come back to them with a lower estimate and see if they can match it.

31 Downsize your home …

If you're having trouble paying for your home, it may be time to downsize. This can also reduce utility bills and home insurance premiums. Downsizing is typically triggered by a life event, like children moving out or retirement. Even if you aren't quite at that point yet, you may want to take advantage of the current housing market.

This recession is a little different than the last. For one, it's a seller's market as home inventory is low. You may be able to set a more competitive price on your home.

Second, mortgage rates are extremely low, so it's possible to secure a more affordable mortgage on your smaller space. Like we said, it's unknown how long this recession (and low mortgage rates) will last, so it can be best to act now.

32 … and your car

During times of financial stress, downsizing to one car can save you money in the long run (in the form of insurance and maintenance). If you're not ready to give up driving just yet, switch your car for a cheaper, smaller model or one with better gas mileage. With money tighter, it's extra important to get a deal on a big purchase. Come to the buying process prepared: Have a plan on how much you're willing to spend and what features you're looking for. And most importantly — get pre-approved for an auto loan first.

Boost your career

33 Grow your network

34 Level up your skills

35 Consider a change

36 Lean in at work

37 Start a side hustle

33 Grow your network

Recessions typically mean higher unemployment and a tighter labor market. If you're looking for a new job, knowing the right person can give you an edge. Set up informational interviews. Take the time to fully research them before reaching out, and be earnest in your request. Make sure your LinkedIn profile is up to date. It's often the first page that appears when someone searches your name online.

34 Level up your skills

Now may be the time to take an online course to revamp your skills or acquire new ones. Learning new skills can set you apart from other candidates and better position you for a career change. Make a list of the skills you wish you had or are becoming vital in your industry, and research programs that fit what you're looking for. There are many courses and certificates available online (and some are free).

35 Consider a change

It's a good time to decide whether you want to stay in the same industry. Some industries get hit harder by recessions than others, and may not recover for some time. Consider exploring other options.

To organize your job search, create a written plan including your industry, companies of interest and any specifics you're looking for – including benefits, workplace culture, team dynamics or office location. Update your resume if you haven't already. Think about parts of your work history that show your key contributions, including projects and initiatives you've led. You want a result-focused resume. Sign up for job alerts in your inbox, and apply to any jobs of interest as soon as possible.

36 Lean in at work

Recessions can make your holding on to your job precarious, so now's the time to lean in and make yourself as essential as possible. Just like if you were aiming for a raise, be prepared to demonstrate how you've helped the business. Track your accomplishments and be prepared to tout them, so if the company is forced to freeze pay or even cut jobs, you're way down the list. These can be good practices for when the economy recovers and it's time to ask for a raise or seek another position.

37 Start a side hustle

Side hustles can supplement your income and prevent you from dipping into emergency savings during a downturn.

Side hustles include driving for a ride-share service like Uber or Lyft, dog sitting or babysitting and running errands via TaskRabbit or Craigslist gigs. Or, make your passion a side hustle. Consider freelance writing or graphic design on the side. To get started, find your niche. Decide how much work you're willing to put in and whether the income you can earn will be worth the time. Above all else, make sure you have a structured plan to pay self-employment taxes: Keep track of your income and expenses and regularly set aside a percentage for Uncle Sam.

Bear market investing

38 Keep calm and carry on

39 … or invest more

40 Diversify

38 Keep calm and carry on

Recessions typically go hand-in-hand with a bear market — when market values decrease by at least 20% from their 52-week high point. If you're worried about your investments taking a dip, don't panic. Stock prices constantly fluctuate, but over time, the stock market has tended to grow steadily — even after a massive downturn like the Great Recession. Unless you need to withdraw money right now to cover your necessary expenses, most people should consider leaving their investments alone.

"If you don't have a solid plan, that [can] affect you quickly," said Schlesinger. "Don't let those thoughts of anxiety cloud your judgement. Go back to that long-term investor mindset."

39 ...and invest more

In fact, a recession may be a perfect time to invest more. Follow the classic "buy low, sell high" advice: A lower stock price means investing the same amount of money will get you more "bang for your buck," or more shares compared to a time when prices are higher. Having more shares can mean more gains for you when prices later increase, said Buonincontri. Above all else, take a long-term approach. While there's never a guarantee investing will result in future gains, many people may benefit from simply riding out a recession.

40 Diversify

During a market trough, it's common for certain companies or industries to perform better than others. But to hedge your bets, don't put all your money into one company or industry. If you're ready to take action, your best bet is diversifying.

"It's a tantalizing time to do something silly," said Schlesinger. "Some of the headlines have led people to open investment accounts for the heck of it. Don't fall into the greed or fear category."

Protect what you have

41 Re-shop homeowners insurance

42 … and auto insurance

43 … and health insurance

44 Open a HSA

45 Buy private life insurance

46 … and private disability insurance

41 Re-shop homeowners insurance

A recession can be a risky time to skimp out on any type of insurance coverage. Being underinsured or uninsured can be financially dangerous if you were to get in an accident or suffer home damage.

But there are still ways to save without cutting back on coverage. A survey by Policygenius found one in three Americans have never re-shopped for better homeowners or car insurance coverage. If so, you could be leaving savings on the table.

Re-shopping can lead to lower premiums, but make sure you have enough coverage. Lower premiums are a good reason to shop around for a new policy, but you also want to keep your property and casualty coverage up to date. Basic homeowners insurance, for instance, doesn't cover damage from flooding or earthquakes. If your area has become more prone to these events in recent years, it's important to upgrade. Insurers commonly issue moratoriums on buying new policies when property damage is imminent.

"You should ideally be re-shopping every few years," said Martinez. "Regardless of if we're in a recession or not, you want to make sure you're doing this all the time."

42 ...and auto insurance...

Re-shopping your auto insurance every year can help save money, as rates fluctuate. Shopping around with different insurance carriers will ensure you have the best rates possible. Shop for home and auto insurance at the same time, especially if you're bundling policies. Most carriers offer discounts to customers who purchase multiple policies, but you won't necessarily get the best deal by tapping your current car insurer for homeowners insurance (or vice versa). Consider using a broker to find you the best deal (without combing through the fine print of multiple policies).

43 ...and health insurance

Shopping around for a lower rate applies to health insurance, too. Your employer's open enrollment period is an opportunity to change or update your existing employee benefits. Use this time to assess how your lifestyle and health needs may have changed over the past year. You may want to opt for coverage with lower premiums (but higher deductibles).

If you don't get insurance through an employer, federal open enrollment (for Americans in need of a 2021 health care plan) will run from Nov. 1, 2020 to Dec. 15, 2020. If you live in a state with its own health insurance exchange, you may have more time to sign up for a plan. Open enrollment is for people who need individual health insurance. If your employer provides health insurance, ask your human resources department when open enrollment takes place.

We are in both a recession and a pandemic. It's more important than ever to have health coverage. Employees who have recently been laid off can stay on their employer's health insurance plan for up to 18 months, through COBRA. Other options include joining a spouse or family member's employer-sponsored plan, shopping on the federal marketplace or applying for Medicaid.

44 Open an HSA

Medical bills can destroy an already precarious financial plan, sometimes leading to bankruptcy. First, make sure you have health insurance (we explain how to find affordable coverage above).

Health savings accounts are valuable. Available to those with high-deductible health plans, HSAs can be used to pay for medical expenses. They have numerous tax advantages and the balance in your account can be carried over from year to year. Consider making the $3,550 maximum annual contribution to your HSA if you're under 55 (or $4,550 if you're over 55).

45 Buy private life insurance

Life insurance is one of the best ways to financially protect your family if the unexpected happens. But most families don't have enough protection in place. Not only does life insurance financially protect your partner if tragedy occurs, it can also financially protect your children. It's important for both spouses to get life insurance to completely cover their assets.

While a majority of American adults have life insurance, almost one-third have only group coverage through their employer. While this is a great workplace benefit, this type of life insurance is typically not enough in terms of payout. If you switch jobs to an employer without life insurance, or you lose your job (which can happen in a recession), you lose coverage. Private life insurance only gets more expensive with age, so the best time to apply is now.

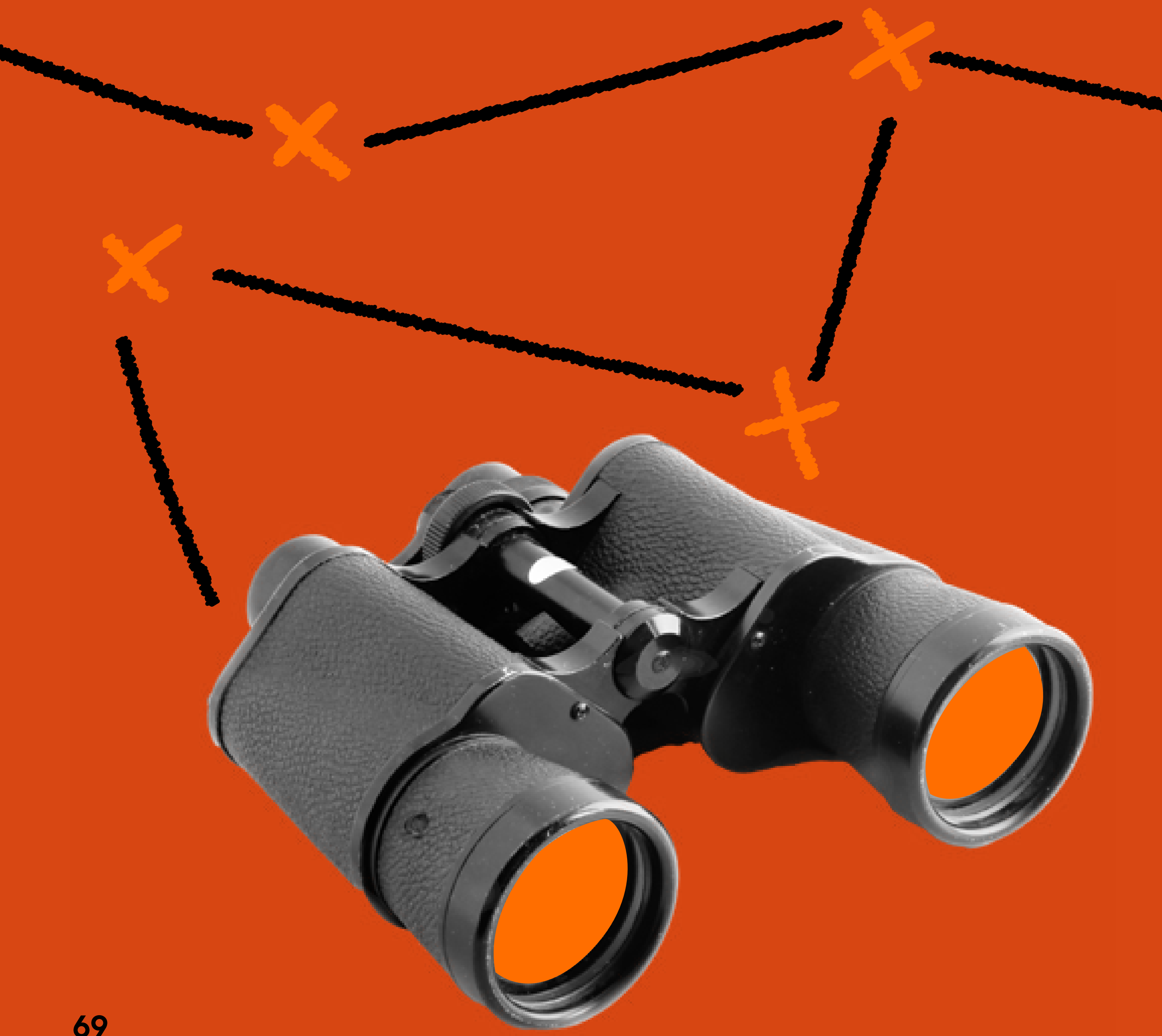
"Take a critical look and think, 'How much coverage do I really need?'" said Nolte. "There are online calculators to help you find the right amount."

46 ... and private disability insurance

Did you know one in four workers will become disabled before they retire? Long-term disability insurance provides comprehensive, affordable income protection. It's especially important in a recession, when finances can be already unstable. Disability insurance replaces your income if you're unable to work due to illness or injury.

While your job may offer disability insurance, it typically doesn't cover enough and you may need to supplement it with a private disability policy. And, like other benefits, it's tied to your employment – so if you lose your job, you lose the policy.

Looking ahead



47 Make an estate plan

48 Create a will

49 Hire a professional

50 Do nothing

47 Make an estate plan

Now might be the time to think about having a comprehensive financial plan in place for the unexpected. An estate plan can arrange for what happens to your belongings after you die. If you haven't planned for who receives these assets and belongings by writing a will and naming a beneficiary, then the courts may ultimately decide what happens. Your assets may change during a recession, so it's important to keep these documents up to date.

Your estate plan gives instructions on your end-of-life medical decisions. If you already have an estate plan, ensure everything is up to date, and if you don't, it might be an appropriate time to start. Some documents you need include: a last will and testament, living will, trust, bank accounts and power of attorney forms.

48 Create a will

A last will and testament is one of the most simple yet effective parts of an estate plan. Use it to pass along your assets (even if you don't have anything of high value), name a guardian for your minor children and choose an executor who will carry its terms. You don't need a lawyer to make a will, though they can help make sure it's ironclad. For more complex needs, open a trust, which will hold assets on your behalf and put restrictions on how your assets can be used by the beneficiaries. Designate someone to receive the money in your bank and investment accounts, including life insurance policies. Lastly, a power of attorney form authorizes someone to make financial decisions on your behalf if you are unable to.

While you're at it, check in with your parents about how the recession has affected their financial situation. They may also need to create an estate plan.

"A pandemic and a recession together makes it all the more important to have a plan for your children if something were to happen," said Nolte. "Make sure you've updated your estate plan, and make sure your spouse has access to your information."

49 Work with a professional

A certified financial planner can help you understand your financial situation and create a broad plan. A good planner will help you set realistic long-term goals and guide you through complex topics like choosing the right retirement portfolio or saving for your child's education. Financial professionals can help identify missing pieces of your financial puzzle, including fees or medical bills you haven't paid, or a specific money goal you've been putting off.

Recessions can be times of uncertainty and stress, and having a professional help you through tough money decisions can help you avoid making rash decisions.

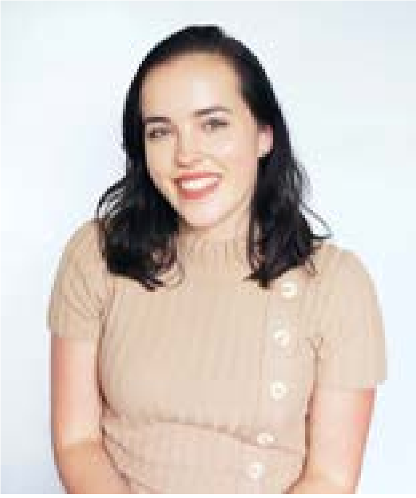
"With all the volatility going on, you may feel like you just need expert advice. So many people have been put through the ringer," said Nolte. "Certified financial planners don't just help you make sense of the numbers, they also provide the emotional piece of it. It helps to see things through a different perspective."

50 Do nothing

This sounds counterintuitive, we know. But if you have a solid financial foundation in place, the best course of action when the going gets tough is to be patient and stay the course.

Recessions generally do not last forever. Case in point: The economy fully recovered after the Great Recession and came out stronger on the other side. Keep your long-term goals in focus and stay the course. Now is not the time to make an impulsive money decision.

"During big market overhauls or recessions people tend to want to do something," said Schlesinger. "But it's often not consistent with their game plan. It causes them to fall off the rails."



About the author

Hanna Horvath is a personal finance expert at Policygenius. She previously worked at WNBC in New York and her work has appeared in NBC News, Business Insider, MSN and more.

About Policygenius

Policygenius is the nation's leading online insurance marketplace, with headquarters in New York City and Durham, North Carolina. We've helped more than 30 million people shop for all types of insurance like they shop for everything else — online — and have placed over $60 billion in coverage. Policygenius launched in 2014 and is one of the early insurtech pioneers. Policygenius was named to Forbes list of Best Startup Employers (2020), Crain's Fast 50 (2019) and Inc. Magazine's Best Workplaces (2018, 2019, 2020).