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## Updating your budget to be recession-proof

Do you need to rethink your budget in light of the coronavirus? Here's how to update -- or create -- yours to survive right now.



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4 min read



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As the coronavirus crisis continues to take over the economy, most households are working on limited resources. Maybe you've lost your job like millions of other Americans. You might be facing reduced hours or caring for children or older relatives full-time.

With circumstances changing so much, it can be difficult to take control of your finances -- especially with limited resources. But if you have any income coming in -- a job, [side-hustle](#) or unemployment insurance -- you can update your budget to get you through these tough times. Here's how to recession-proof your budget.

**Read more:** [Amid coronavirus unemployment, these companies are hiring by the thousands](#)

## 1. See how much you need

Your needs could change from week to week, but [check your budget](#) often to see the minimum amount you need to cover your costs, like basic necessities and any bills you can afford. If you need to, [create a budget](#) by detailing every income source -- even if it's [unemployment](#) - as well as expenses. Your expenses are things like your home and auto payments but also include things like food, student loans and gas.

Make sure your expenses aren't higher than your income and if they are, see where you can make cuts. For instance, [your student loan payments are paused](#) through Sept. 30 without penalty. If you have student loans, that frees up some extra cash in your budget to devote to more timely bills.

Review how much money you have coming in and make sure [all your bases are covered](#). If you have any extra, keep it around for next week or next month. Since the future is uncertain -- for your health and your employment -- it's good to keep a little extra money around. If you can save that extra cash longer than a month, consider putting into [a high-yield savings account like Marcus or Ally](#).

**Read more:** [Coronavirus hardship loans: What they are, how they work and how to get one](#)

## 2. Strip down your budget to the bare bones

If you don't need it, ditch it. This could be things like subscription boxes, gyms or anything you have set up to pay on a regular basis that you aren't using right now. While streaming services are [seeing some of their most-used months ever](#), consider pausing or canceling the ones you aren't using.

It's also a good time to adjust any line items you need but are flexible, like food. If you've got your regular bills covered, see how much money you can put towards food each week or month. Your grocery list might also need to get stripped down to the bare bones, too.

Remember to shop your pantry before venturing out to get more food. As grocery stores are already stocking some things in limited supplies, you might not have access to all the ingredients some recipes call for. Use what you have before buying more food. Only stockpile if you have the extra cash and the resources available. For example, having an extra freezer or just a large freezer space to stock up on extra meat.

### **3. Stop contributing to retirement funds**

Whether you've got a work-sponsored account, an IRA or a mix of many different types of funds, it's time to temporarily halt your contributions.

Your recession budget is not your *normal* budget; you're planning for the *right now* you, not the *future* you. To cover your regular expenses, like home payments, utilities and groceries, you need cash on hand. Your retirement fund can wait until you have extra cash to contribute.

**Read more:** [How to start investing right now](#)

### **4. Stockpile your cash**

Keep your money in an easily accessible account, like a checking or savings account. It should be an account you can grab cash from whenever you need it. It should also be a place you keep most of your money when you need it.

This doesn't mean deplete your investments and move it all into your checking account (unless you need that money to cover your essentials). But you should monitor how much money you need on a weekly or monthly basis -- or however often your expenses may change.

### **5. Defer loan payments**

Whether you have home, auto, student or personal loans, now is the time to reach out to your lenders for hardship options.

Many auto loan lenders are allowing borrowers to defer payments or avoid extra charges by waiving fees (like late fees). Also check with your auto insurer to see if it's offering any hardship assistance. Geico, for example, is pausing cancellations if you miss a payment or if your policy expires.

Federal student loans get a huge break, as [payments are suspended](#) through Sept. 30 and interest will not accrue during that time. But if you have any private student loans, you'll need to contact your individual lender to see what you qualify for. Personal loans, also through private lenders, should be contacted on a case-by-case basis, too.

Also check with your utility companies to see what resources they can offer. For instance, [AT&T is offering internet access](#) for \$10 a month for low-income households that qualify. It's also stopping termination of wireless, home phone or broadband services if you're unable to pay your bill. But you'll need to reach out to your provider to explain your situation.

**Read more:** [5 ways to save if you're afraid of investing](#)

## Use your resources to cover costs right now

Remember that having an emergency fund is to use in case you're in an emergency. Don't be afraid to pull cash out of investment funds, retirement funds or savings to pay for things you need today.

It's also a good time to [use your credit cards](#). If you have enough money to pay your bills, like rent and car payment, use your credit card whenever you can. Even if you start to carry a balance from month to month, you'll ensure you have enough cash to cover you as long as you need it.



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