



FINANCIAL HEALTH CHECK-UP

PRESENTED BY MAUI COUNTY FCU

Some key economic numbers

Statewide Visitor Arrivals (thousands)

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
10,425	3,392	6,241	8,340	9,397

- **Visitor arrivals to decrease 67.5% in 2020 versus 2019 count**
- Estimated to take 5-6 years to return to 2019 count
- Assumed opening to visitors starting 8/1/2020

Source: DBEDT 2nd Quarter 2020 Economic Report

Maui County Hotel Occupancy and Revenue

	June 2019	June 2020
Hotel Occupancy	80.6%	7.2%
Revenue per available room	\$318	\$16

- **95% drop in revenue per available room in Maui County**

Source: Hawaii Tourism Authority



UNEMPLOYMENT

	2019	May 2020	June 2020	2020 Estimate	2021 Estimate	2022 Estimate
Statewide	2.7%	23.5%	13.9%	18.2%	9.3%	5.8%
Maui County	2.6%	34%	22.6%	20.9%	10.0%	5.8%

- Maui County unemployment currently significantly higher than state average
- During great recession from 2008 - 2012, state unemployment ranged from 6.0% - 7.4%

Source: UHERO 2nd Quarter Forecast / Hawaii Department of Labor



Statewide Survey Taken May 14-22, 2020 (Maui County responses)

Households that have experienced a decline in income since the start of the COVID-19 pandemic.	48%
Households worried about being able to afford basic necessities.	51%
Residents who have experienced difficulty paying rent or mortgages in the past three months.	18%
Households with at least one member laid off from work.	15%
Households that have experienced high financial stress due to the COVID-19 pandemic.	11%
Residents who have picked up food from a local food bank or food distribution drive in the past three months.	17%
Residents who consider themselves living paycheck-to-paycheck.	36%

Source: www.boh.com/facts-figures



What does this mean for us?

- If you feel the financial stress, you are not alone
- Forecast is there will continue to be economic uncertainty until the end of 2021
- Economy will start getting back towards normal in 2022 and 2023
- Hopefully back to 2019 numbers around 2024-2025
- What can I be doing now to navigate?



Today's Agenda

- We will make it through this as a community working together
- Take care of your physical, emotional, spiritual and financial health
- Start with values when developing financial strategies
- Review and revise your budget (your spending)
- Review how you are saving and investing
- Watch out for Scams
- Plan and prepare for possible additional future changes



We will make it through by working together

- As the situation evolves and we navigate uncharted roads, working together as a community will bring us through the effects of the pandemic
- Be ready to process new information and anticipate twists and turns and make changes / adjustments
- In many ways, COVID-19 has already made our communities stronger and more willing to help others in need and to accept help when in need



Take care of your health

- Keep yourself as physically, mentally, emotionally, spiritually, and financially healthy as possible
- Don't overload on COVID-19 news / news in general
- Limit social media and overall screen time
- Take a day or several days off to unplug
- Spend time outside
- Evaluate and improve your work and home environment
- Connect with people even if virtually



Financial health starts with identifying your values

(use spreadsheet provided)

- Identify and write down important values to you
 - Adventure, Achievement, Character,
 - Faith, Financial Health, Physical Health
- Based on your values, determine your goals
 - Spending time with family
 - Having a career that can provide for my family
 - Exercise and eat healthy
- Based on your goals, how should you spend your time and your money?
 - What's your long-term financial strategy?
 - Find ways to hold yourself accountable
 - Find ways to make it easy/automatic
 - Monitor your progress



Review and revise your budget

Spend less than you earn

- Many things have changed around us, and we need to change our spending behavior
 - Respond to changes that have occurred
 - Anticipate future possible changes
- We have no control over many things happening today, but we can control our response and our preparation
- More than ever before we need a written budget that we monitor regularly



Have a budget, and write it down

(use spreadsheet provided)

Spend less than you earn

- Know where your money is coming from and know where your money is going
- To do that, track it (write it down)
- Preschool director example



Where is my money coming from?

- What you earn (income)
- What will your income look like going forward under different scenarios
 - Prepare for possible furloughs, reduced hours, and pay cuts
 - What will unemployment benefits look like going forward
 - What might future phases of the CARES act provide?
 - What should I do now, based on above?
- What can I do to increase income/buying power
 - Part-time/side jobs/side businesses
 - Community and government assistance programs
 - Sell things
 - Cash back rewards, coupons, etc.



Where is my money going?

Spend less than you earn

- How you earn and spend your time and money should be based on your values and goals.
- Separate your spending into two categories: Must Haves and Good to Haves
- Prioritize within each category, cut out what you can until things are closer to normal
 - Consider cutting back on all but Must Haves
- Be mindful of making big purchases



Must Haves vs. Good to Haves

(Ideas to reduce in each area – use spreadsheet provided)

- Housing expenses
 - Auto expenses
 - Utilities
 - Insurance/Medical
 - Groceries and household goods
 - Other must haves?
- (remember deferring a payment does not mean forgiveness)

- Charity and Gifts
 - Clothing
 - Personal care products
 - Big ticket items
 - Eating out / take out
 - Hobbies and Pets
 - Entertainment and Travel
 - Shopping
 - Kid's extracurricular activities
 - Electronics, gadgets, tools
 - Gym memberships
- (other ideas for cost savings?)



Reduce credit costs

- Many people spend 30-50% of their income on debt
- What would happen to your budget if you had no debt?
- How does debt impact ability to withstand emergencies?
- Pay down debt to lower interest cost
- Maintain a good credit score (monitor your credit)
- Utilize loan assistance programs
- Balance transfers with no interest and no payments
- Refinance existing debt to lower cost (historic low rates)
- Be careful about new debt (tapping into your equity)



Do what it takes to balance your budget

- The simple math of a budget reveals what needs to be done – if you're spending more than you earn, you will eventually get into financial distress
- How else can you increase your income?
- Are there other expenses you can cut?
- Be even more creative in increasing your buying power
- Make hard decisions before you're forced to
 - What will putting off this decision cost me in the long run?
 - Don't let pride or shame delay a needed decision
 - Should you make other living arrangements sooner than later?



Review your saving and investing

- Build emergency savings into your budget
 - How would it be if you had 6 months of emergency savings?
- If possible, do not stop contributing to your 401K or IRA and do not do an early withdrawal
- Invest with the guidance of a trusted professional advisor
 - Fiduciary advisor
 - Gives guidance based on your risk tolerance, your long-term goals, and your time horizon
 - Helps you re-evaluate your asset allocation and investment mix



Watch out for scams

- Fraudsters prey on a victim's:
 - Emotions – romance, anxiety, desperation, helpfulness
 - Greed – getting a better deal than you should be getting
- Because of COVID, many people are searching the internet to find ways to earn extra money.
- No one answers the phone or clicks on a link thinking I'm going to be the victim of scam.
- RED Flags:
 - They send you more money than you're supposed to get and ask you to return the extra funds sent in error
 - They ask you to send money before you get the product/service/prize
- Happening in Maui County, to our friends and our family



Prepare for future changes

- Keep up to date on available resources (don't overload)
 - County website (COVID resources)
- Educate and re-educate yourself on financial matters
- Plan for different scenarios
 - Have a plan A, plan B, and plan C
 - What if there's a large spike and we need to shut down again?
 - What if this goes on for another year? 2 years? 3 years?
 - How does each scenario affect my employer? My income? My expenses? Other family members? Childcare?
- Prepare, plan (strategize), follow plan, and make adjustments as needed



We will make it through this,
Working together as a community

Questions?