

Pandemic Impact on Financial Wellness and Retirement Planning

In the height of the pandemic, the National Endowment for Financial Education (NEFE) published a survey on how individuals felt the pandemic had impacted their personal financial wellness and planning for retirement. Results indicated the pandemic created numerous financial issues including:

- Not having enough in savings – both emergency and retirement
- Inability to pay utilities, mortgage, or rent
- Inability to pay bills – both medical and credit card
- Stock market fluctuation impact to investments

Notably, the survey also revealed these financial concerns were across all income levels. Fortunately, there were a few positive stats, too – on those learning to cut expenses and increase their emergency and retirement savings.

Here we are today, over 2 years since lockdown, and unfortunately, people are still enduring lingering pandemic effects – whether financially, psychologically, physically, or more. Unpredictable markets are certainly adding to the financial stress. A 2022 Planning & Progress Study prepared by Northwestern Mutual revealed that 30% surveyed have not made up for financial ground lost during this period and that the average savings dropped 15% from 2021 to 2022. It's time to focus on what one can control – creating a financial plan.

What is a financial plan and how can it help?

A financial plan is a comprehensive evaluation of your current financial state, long-term goals and strategies that can help

achieve those goals. The plan is highly individualized and involves numerous variables that assess your personal situation, tolerance for risk, and future expectations.

A financial plan can help give you control over your finances and results in a higher probability of achieving your goals. With a plan in place, you can then be better prepared for unanticipated situations, make better financial choices, and recover faster.

Now, more than ever, is the time to create or update your financial plan and ensure you're on the right path to financial wellness. A simpler plan's steps might include:

- Determining your cash flow, identifying assets, and creating a budget: Budget planning can identify additional amounts of disposal income for future needs.
- Identifying your liabilities and managing debt: Many Americans are still struggling with high credit card or other debts. How to manage this debt and pay it off is critical to overcoming financial burdens and achieving financial wellness.
- Assessing your goals and priorities to consider building or restoring savings: Most Americans do not even have six weeks of savings for unexpected emergencies.
- Protecting yourself against fraud: Education on identifying fraud scams via phone, internet and other communication avenues is important to protect your financial nest egg.

A more sophisticated plan would likely involve a CERTIFIED FINANCIAL PLANNER™. For more information about creating a financial plan, contact Midland Retirement Plan Services at 815-231-2816.



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