

7 Ways to Use your Stimulus Check



Most Americans will be getting money from the federal government. Here's how to put it to work.

Save and Invest

If you don't need your coronavirus stimulus check to cover basic living expenses, one of the wisest things to do is saving it for the future.

Where should you invest it, though? At times of uncertainty, many people may be wondering the smartest places to put their extra money, something there isn't a clear answer for because every individual is different. It depends on your goals, your risk tolerance and the timeline you're saving for.

Talk to a qualified financial planner or investment advisor in your area for personalized, expert advice.



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RETIREMENT

For many Americans, the dream of a financially secure retirement is worth saving for. With the stock market well off its all-time peaks, now may be an ideal time to invest for future gains — if you're willing to endure some potential for market volatility in the short term.

While no one can predict the future precisely, an experienced financial advisor can walk you through your options, including the potential risks and rewards.

EMERGENCY FUND

If you don't already have an

emergency fund in place, now is the perfect time.

Uncertainty feels much better when you have a pile of savings in the bank.

Consider using the stimulus money to start or grow your emergency savings to help cover the things that are impossible to predict in life.

COLLEGE

Another possibility, if you have children who hope to receive a college education some day, is to save for their future schooling.

The most common way to do that is through a 529 plan,

named for Section 529 of the Internal Revenue Code.

These plans offer tax advantages that encourage savings. According to Investor.gov, there are two types of 529 plans: prepaid tuition plans and education savings plan. All 50 states offer at least one type of 529 plan, so look into the options available in your area.

PAY OFF DEBT

According to Northwestern Mutual's most recent Planning & Progress Study, which was conducted last year, adults in the United

States said they have an average of \$29,800 in personal debt, not counting their mortgages.

The study also revealed a disappointing figure: 15 percent of respondents expected to be in debt for the rest of their lives.

The coronavirus stimulus check, however, gives Americans an opportunity to start changing that pattern. If you don't need it for ordinary bills, you could use it to pay down your debt load.

Typically there are two approaches to reducing debts.

One is to pay them off

based on the balance, from the smallest to the largest. This has an emotional advantage, letting you get early wins and clearly see the progress as your list of debtors gets shorter over time.

The other is to pay the debts off based on interest rates, from highest to lowest, which has a mathematical advantage. If you pay off your high-interest-rate debts first, you'll save slightly more money on interest payments.

Either way, taking steps to get on solid financial footing is a smart way to put extra money to use.

Buy a Car

Buying a vehicle that is reliable, affordable and a good fit for your lifestyle is a smart way to put your stimulus check to good use.

Here are some things to think about if you're wanting to use your stimulus money to buy a car, truck or SUV.

LATEST TECHNOLOGY

Today's newest cars have features that make them safer and more enjoyable to drive than ever before.

They're also more reliable, with the difference between the "best" and "worst" new vehicles narrower than in the past.

While the overall refinement and features seem to get better with each passing year, it's the technology that really sets today's best vehicles apart from the others.

Today's automotive tech falls into three broad categories.

First, active safety features use sensors, warnings and intervention to help the driver avoid accidents. Many of the new cars for sale today offer blind-spot sensors, automatic braking and cameras that help when parking.

Second are features that assist the driver. It's becoming much more common to see affordable cars that come close to driving themselves, at least for short periods of time



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on well-marked roads. Semi-autonomous capability such as lane following and adaptive cruise control making long trips safer and more comfortable in today's cars.

Third are the digital entertainment features. The best new cars are designed to work in conjunction with your smartphone, including offering interfaces with Apple's iPhone and Google's Android operating system that let you access your phone's functions more safely using the car's digital screen and controls.

With Apple CarPlay and Android Auto, the most popular interfaces in modern vehicles, your phone and your car work together seamlessly.

CONSIDER A CROSSOVER

There are plenty of good

choices for vehicles today, especially in the most popular segment of all: crossovers.

These family-friendly vehicles look like SUVs but are built more like traditional cars. They offer the handsome looks, visibility, spaciousness and capability of a traditional SUV without the downsides. Their car-like construction means they handle better on the road and get better fuel economy than their truck-based SUV ancestors, which is why they're the most popular new vehicles for sale today.

If you haven't driven a crossover before, check them out. You might see why so many buyers are switching from traditional sedans to these practical and stylish alternatives.

PAY CASH

If you're in a position to do so, the most affordable way to drive is by paying cash for a good used car. It's the move many financial advisors recommend for a variety of reasons.

At the top of the list are two big benefits: no monthly payments to worry about, and less depreciation than new cars. While you won't get that new-car smell, you will get peace of mind knowing the car belongs entirely to you, not a lender.

SHOP CAREFULLY

Used cars don't come without risks, though. You can minimize the risks by shopping at dealers with a great reputation and getting a pre-purchase inspection per-

formed by an independent mechanic.

Take the time to research the reliability ratings of different vehicles before deciding which model to purchase. Some brands and model years are more reliable than others, so look for online sources that have unbiased data about a car or truck's dependability.

One way to check the history of a vehicle is by obtaining the VIN and using an online service to uncover significant incidents it may have endured. Many vehicle history reports will disclose any accidents it was involved in, substantial repairs or devastating experiences like flooding.

With some careful shopping, you can find a reliable car at a fair price.

Make a Move

If you've been thinking about moving to a new house, your stimulus check could help you turn that dream into reality.

With many Americans spending time isolated at home, they have plenty of time to think about where they live and whether they might be happier in a different situation.

There is a long list of reasons moving might make sense, such as wanting a more peaceful lifestyle in the country, a shorter commute in the city, or a more affordable home to give peace of mind in stressful times.



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IDEAL TIMING

Whatever your real-estate goals, there's no better time than now for making a move if you're in a good position to do so.

More houses will likely be coming on the market as the economy slows and changes, which means greater selection for buyers and potentially a softening in prices after years of record gains.

Interest rates also are unusually low right now. If you've got decent credit, you can qualify for spectacularly low mortgage rates by historical standards, making your new home even more affordable.

STOP RENTING

If you're currently a renter, buying a home could let you pay yourself instead of a landlord. Home ownership can be a good way to start building up equity as you own property instead of just leasing space.

Depending on your situation, you may be able to buy a home with very little money down. But the more you're able to pay now, the more benefits you'll get, often including lower principal payments, no private mortgage insurance and lower interest rates.

SIMPLIFYING

Another trend is for people

to use real estate to simplify their life. This is epitomized by the "tiny house" movement, but that's not the only way a new house can make your life simpler.

Whether you want to downsize in space, downsize in price, or upsize in natural beauty by moving to a more rural home, a move could give you peace of mind that is especially valuable at times like the current pandemic.

BUY A RENTAL

Even if you're happy where you currently live, the same combination of factors that makes now a good time to consider moving — low inter-

est rates and a potentially better selection of housing inventory — also makes it a good time to buy investment properties.

Using your stimulus check from this short-term crisis as an incentive to invest for the long term could turn out to be a wise move.

REMOTE HELP

Many real estate agents aren't stopping their jobs during this pandemic. They are still working from home, where possible, to keep up their important task of connecting buyers with sellers.

Home listings have added more digital content for years,

ranging from virtual tours and video tours to extensive still photography. The coronavirus outbreak has only underlined the point that online shopping is important, and the best agents know this. They've already gathered the information to help you shop for a home, or list your home for sale, while taking precautions to minimize the risk of spreading viruses.

The closing process, too, is becoming more digital. Many home transactions are continuing to take place either through digital signatures on documents or by keeping people isolated while still signing papers in person.

Fix Up your House

Whether you do it yourself or hire a contractor, the coronavirus shutdown could be the perfect time to tackle those home-improvement projects you've been dreaming about.

Healthy people isolated at home during the pandemic have time on their hands to tackle jobs — whether big or small — that will make living at home more enjoyable.

Now that government stimulus checks are arriving, there could be extra money available to work on them, too.

HIRE A PRO

In many areas, construction jobs are still allowed under lockdown restrictions. Check your local government websites to be sure. If they are allowed to work, and can do so while safely isolating themselves from potential infections, professional contractors and handymen can transform your home in a short amount of time.

Keep in mind, the contractor should have proper licensing. Most states require all general and specialty contractors be licensed and registered in the state where they perform work.

One of the most important parts of choosing a contractor



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is looking at their references. Talk to your friends, family, neighbors and the contractors themselves.

The best home contractors will always have a great reputation with lots of happy customers. They'll likely have a list of clients you can call to ask about their work and perhaps even see it in person.

Even better, try to get references from people you know and trust. If you've got a friend who had similar work done on their house, ask them what they thought about the contractor they hired.

Some things to ask:

- Did they complete the job

on time and on budget?

- Were they professional at all times?

- Did they keep the work site tidy and clean up after themselves?

- What was the quality of their work like? Can I see it?

- Would you recommend them for another job?

By finding the right person or company to complete your project, you'll be investing your stimulus check in a way that makes your living situation more enjoyable for years to come.

DO IT YOURSELF

While it's best to leave big

projects to the pros, many homeowners may have smaller fix-up projects that now is the perfect time to complete.

If you've got spare time to spend on it, there are a lot of home-improvement projects that can make a big impact on the look and value of your home without spending a fortune.

Flooring materials, for example, could be purchased with the stimulus funds. If you know how to install it properly, or could learn by watching online tutorials, new flooring is a terrific bang-for-the-buck home project.

The same thing goes for

paint and tile work.

Other options that could improve the value of your home include updating the kitchen and bathroom appearance, installing programmable thermostats that can save money on utility bills, or creating an inviting outdoor living space to enjoy with your friends once the pandemic threat has subsided.

By preparing your home now for enjoyment in the future, you'll be doing something practical that also lets you look forward to the happier, more socially connected times to come soon.

Treat Yourself

In the middle of a pandemic, sometimes it feels good to splurge. That's why you could consider spending at least a portion of the money on treating yourself to an extra nice indulgence.

It may seem frivolous, but that's the whole point. The idea of "retail therapy" has some validity, within reason, because spending money on something that feels good has value within itself.

Here are some ways you might consider using the stimulus check to pamper yourself while in social isolation.

ORDER TAKEOUT

Most restaurants in America have switched to takeout and delivery models while closing their dining rooms to prevent spreading viruses. That means you can still enjoy a delicious meal from your favorite places — including many fine dining establishments — while maintaining social distance.

Call ahead or check online to see if your favorite restaurant offers takeout service. If they do, and you're feeling particularly indulgent, go all out when you order. Buy appetizers, desserts and drinks in addition to the



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entrees.

You'll be treating yourself to a special meal with an added benefit: helping restaurants pay their employees and stay in business at a tough time.

RETAIL SHOPPING

The same concept applies to your favorite retail shops, many of which have closed their brick-and-mortar locations while doing their best to stay in business through online and phone orders.

If there's something you've been thinking about buying

but haven't wanted to spend the money on, now could be the perfect time to make the move — assuming you've got some savings in place.

The best retailers are outstanding at customer service and will help you place orders remotely by answering questions, helping with shipping, delivery or pickup, and perhaps even taking photos to show off their products remotely.

GIFT CARDS

If you'd like to indulge in

something that isn't available for sale in your area — perhaps tickets to a movie theater, entertainment venue, massage therapist or spa — gift cards may be a great way to enjoy those services at a later date.

It's also a way to infuse some much-needed cash into small businesses now, when they need it to pay their bills, for something you can enjoy in the future.

It's a rare business these days that doesn't have social media or a website. Contact

the business by email or social media message (no one may be around to answer the phone) and ask to purchase a gift card or gift certificate.

If you're worried about keeping your information safe, you can ask to use a trusted app or payment service, such as Venmo or PayPal.

Bonus: Many businesses are offering a little something extra when you buy a card now, such as a discount or extra service when you redeem them.

Shop for Insurance

Having the right insurance policies in place can give you peace of mind. That's especially important in times of uncertainty like this.

If you do a careful job shopping for insurance policies right now, you have an added benefit: the ability to pay for the policy in full using your stimulus check, something that might save even more money.

COVERAGE AND PRICES

Comparing different insurance policies can help you save money or find coverage that will better protect you from risk, something that's a good idea all the time but especially wise right now. Many people are looking at making the most of their budget as the economy takes a temporary dip during the pandemic shutdown.

The longer it's been since you've shopped for policies for homeowner's insurance, life insurance and auto insurance, for example, the more likely you are to find good deals on coverage. You may be surprised at how much you can save — or how much better coverage you can get — if you shop carefully.

LOOK AT DETAILS

When shopping for insurance, take a look at the fine details and figures for each



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policy. If you're in the beginning of this process, insurance representatives should act more like teachers instead of salespeople.

Your choices may be complicated, with a range of pricing options, deductibles and exclusions. A good company will give you choices, explain them clearly and let you make up your own mind.

While reviewing your options, make sure you are comparing similar policies. If

a premium seems unusually low, it might have a higher deductible or more limitations.

NOT JUST PRICE

Customer service always plays a key role in determining which insurance company you'll want to work with. Some have better reputations than others.

Each company has a different customer service philosophy. Some prefer to use a

local representative to communicate with clients. Others will discuss policies through their website or a 24-hour phone number.

Many insurance companies, however, use a combination of these methods. They might give you 24-hour access to national representatives along with a local advisor.

ASK ABOUT DISCOUNTS

Many insurance policies offer discounts if you pay for

a full year's premium in advance, something that could be a smart move to ease your expenses in the next 12 months.

If you use your government stimulus check to pay for the coming year's insurance in advance, you won't have that monthly or quarterly bill to worry about. You might also get an even bigger price break for paying up front in a lump sum, giving you two ways to save down the road.

Make a Donation

If you've been fortunate enough to have a predictable income and healthy cushion of savings at this point, you should consider donating your stimulus funds to charity.

Many non-profit organizations are struggling right now from a one-two punch: increased needs from people out of work, plus decreased donations coming in to help them. Your gift could be extremely helpful at a critical time when it would do the most good for people in need.

LOOK LOCAL

Putting your donation to work in the local community can be a rewarding way to make a difference. If you volunteer with an organization, have a close connection to one particular non-profit or have seen the help a specific organization has provided in your community, think about giving them some financial support.

When you keep your money close to home, you can often see the tangible benefits that come from it.

From feeding hungry children to supporting the arts, you'll be making your community stronger at a time when the help is greatly appreciated.



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DONATE ONLINE

Both local and national charity organizations are increasingly allowing online options for making donations.

You can make a one-time gift with your stimulus payment or, if you're feeling extra generous, could consider setting up an ongoing monthly payment as a regular contribution to your favorite non-profit.

By donating digitally, you

can maintain social distancing while exercising your social conscience.

CHECK THEM OUT

Another thing you can do online is check into the background and ratings of many non-profits to make sure your money is going to a reputable place.

There are several websites that score non-profits on how effective and wise with money they are. Each ranking site

uses its own criteria to determine which charities best manage money, so look into their guidelines to see exactly what they're measuring.

The two most popular charity-ranking websites are Charity Navigator and CharityWatch, both of which offer independent assessments of non-profit organizations based on public data.

TIP GENEROUSLY

Another way you can

directly help people is by leaving extraordinarily generous tips when you can. You might not need your stimulus check to survive, but some people do.

Wait staff and service workers have seen their income, which is primarily derived from tips, dry up recently. Using your money from the government to tip generously could help your economically vulnerable neighbors when they need it most.