

Welcome to the SeaComm Federal Credit Union podcast. Your guide to financial information and what's going on at your credit union.

Even though the economy seems to be humming along, there has been some volatility in the stock market and it's never a bad time to prepare for a possible recession. Recessions typically start before anyone even knows they're happening and end before economists have enough data to know they're done. Recessions are also usually short. Since the end of the Great Depression, there have been 13 recessions in the U.S., and 9 of those were less than one year in duration. Even short recessions can cause big trouble for those who aren't prepared. A large number of Americans still haven't recovered from the Great Recession (2008-2009).

So, how can you prepare?

First of all, know your situation. What does your budget look like? Could it withstand a reduction in salary? Could you cutback if it became necessary? It's always a good idea prepare a spending log to determine where your money is going. That's right, keep track of every penny you spend over the course of a few months and then look back at the log. You may find that you waste a good deal of money on things that are not necessary. You can make a few changes and send the money you save into your emergency savings account.

Having an emergency savings account is perhaps the most important thing you can do to prepare not only for a recession but also for any unforeseen negative financial event. In general, it's recommended that you have at least six months' expenses in savings. This means enough money to cover housing, utilities and basic necessities, as well as any other financial obligations you may have, including servicing your debt, which leads me to the next thing you should do, pay down debt, especially high interest debt such as credit cards. The less you owe, the less you will need to pay in the event of a downturn. This means using your credit card wisely... only use it for things in your budget so you will be able to pay it off in full every month to minimize the interest you pay.

There are some other things you can do related to the income side of your budget... you can add income to your current situation by getting a side gig or moving to a better paying job while the economy is good. You should also always

take the opportunity to maximize your value to employers by adding new certifications or training in your current profession.

Any plan you make will be unique to you and should help you minimize the harm from a recession. The simple act of putting a plan into action will improve your prospects of coming out of the next recession unscathed.

That's it for this edition of the SeaComm Federal Credit Union podcast. Thanks for joining us!