

Financial Resilience

Financial resilience is the ability to withstand life events that impact one's income and/or assets.²⁶ Similar to economic well-being, financial resilience focuses on a person's strengths and their ability to recover and improve their situation. We are building financial resiliency in this course.

What can I do to increase my financial resilience?

- Build and maintain an emergency fund of at least three months' expenses. Keep this money accessible in a bank or credit union savings account.
- Maintain a low debt-to-income ratio. Monthly debt should be 15% or less of take-home pay. This will be discussed in more depth in Workshop 7.
- Purchase adequate insurance (health, car, life, home or rental). Emergency spending can increase debt, and medical expenses are the #1 cause of bankruptcy. Home, auto, and health insurance in particular are essential to financial stability. If you have a low-income, you likely qualify for Medicaid. You can learn about how to apply for Medicaid in Workshop 3.
- Protect your credit. Following the Money Safety tips laid out in Workshops 5 and 6 can help minimize the risks of losing money to credit or debit card fraud.
- Build your financial knowledge (like attending this course!) so you can make smarter financial decisions
- Develop human capital. *How to develop your human capital:*
 - Take college or trade-school courses to continue your formal education
 - Enroll in job training courses
 - Take non-credit courses to develop your skills and interests
 - Develop a professional network
 - Maintain good health (good nutrition, exercise, screening exams, doctor's visits)

Note: Learning new money management skills and information can be an important tool in achieving economic mobility and greater economic well-being. We are building financial resilience and developing human capital in this course. Money Basics is designed to help you build the skills and knowledge to improve your economic situation, whatever it may be, and empower you to make decisions about money that *are right for you*.

²⁶ Barbara O'Neill, "Steps Toward Financial Resilience." *Rutgers*, August 2011.
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