



## How to Prepare Your Finances for a Recession

*National nonprofit credit counseling agency Take Charge America shares tips to limit impacts of a potential economic slowdown*

**PHOENIX – (Jan. 17, 2023)** – As Americans assess their financial situations following a challenging year, several economic signs — including continued high interest rates and lingering inflation — are still warning of a possible recession sometime in 2023.

“Nobody knows for sure whether we’ll see a recession or not,” said Amy Maliga, financial educator with Take Charge America, a [nonprofit credit counseling and debt management agency](#). “But the possibility of one provides a perfect opportunity to assess your own financial situation and make preparations that will help you weather any possible economic slowdown.”

Maliga shares several ways to prepare for a recession:

- **Prepare a bare bones budget.** In a recession, you’ll likely cut back on unnecessary expenses. Prepare ahead of time and create a bare bones budget that includes only your essentials — think food, shelter, clothes, transportation and insurance — so you have a plan in the event that you experience a loss of income or need to cut expenses suddenly.
- **Prepare for the unexpected.** An emergency fund is vital regardless of the larger economic climate. But in a recession, you’ll want to consider padding your existing savings — especially due to recent inflation that has pushed the cost of living higher. Assess your emergency savings today and explore ways to bolster them through possible side hustles or gig work. Generally, you want to aim for an emergency fund of three to six months of expenses.
- **Prepare by paying off debt.** Hatch a plan to tackle your debt, particularly high-interest balances, to help you free up more cash. Consider strategies such as the [debt snowball or avalanche methods](#) or explore [credit counseling to get a personalized action plan to attack your debt](#). Depending on your situation, you may qualify for a debt management plan.
- **Prepare your resume.** Recessions often mean layoffs and higher unemployment. Get ahead of a possible job loss by punching up your resume today. Explore professional development opportunities and courses that can add new or enhance existing skills to improve your marketability and value to potential employers.

For additional resources to help prepare for a recession and ensure your financial situation is in the best shape it can be, explore Take Charge America’s [Budget Tools](#).

### About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, housing counseling and bankruptcy counseling. It has helped more than 2 million consumers nationwide manage their personal finances and debts. To learn more, visit [takechargeamerica.org](https://takechargeamerica.org) or call (888) 822-9193.

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