



Coronavirus Crash: Securing a Financial Future

Description

Canadians across the country have two things on their minds these days: avoiding the coronavirus, and somehow staying afloat during the economic fallout.

The coronavirus pandemic has caused more stress than most Canadians likely know how to deal with. In fact, over the last decade, we have been spoiled. Stocks have soared, interest rates have remained low, employment has remained strong, and there has been strong economic strength overall.

That all changed in the last year. At first, analysts weren't sure we would even reach a crash, never mind a recession. Now that reality seems all but certain. Over one million Canadian have applied for employment insurance, with many more expected in April, and hundreds of thousands of people have been laid off. In fact, about 44% of Canadians have reported they have lost income due to the coronavirus pandemic.

So, what should Canadians do to secure their financial future amid all this economic and health turmoil? Here are some suggestions.

Juggle your portfolio

While you likely can't have a face-to-face meeting with your financial advisor during the coronavirus outbreak, I'm sure they would be willing to take a phone call. So, talk to them about how you can sell some riskier stocks in favour of some solid long-term investments. What they'll likely tell you is buying a bank stock might seem risky in the short term, but if you're buying for decades, these stocks are great buys.

Take **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) for example. During the last recession, the stock bounced back to pre-crash prices within a year's time. During this coronavirus crash, Royal Bank has fallen about 25% as of writing. Before the crash, it was trading at fair value of around \$110. If prices bounce back, you could easily bring in some solid [short-term](#) cash.

Over the long run, once the coronavirus is over, this stock has a strong future ahead. While it is likely

to be hurt by a housing crisis, it has diversified investments that will keep bringing in solid cash. Royal Bank has banks in multiple countries and has expanded to the highly lucrative wealth and commercial management sector. This should keep strong cash and dividends securely in your pocket.

Don't wait for the bottom

You might look at Royal Bank and think, "Well, this stock was even lower just a few days ago. Shouldn't I wait until it goes lower again?"

If you're serious about keeping this as a long-term stock, then you should *not* wait for a market bottom. It can be tempting to try and make as much cash as possible, but consider this: it could also keep soaring upwards. Then you'll have missed your chance! Also, if you're looking at the last few decades, the gains you'll make in that amount of time will surely exceed any short-term gains you're likely to make by waiting for a fall of a few dollars.

With the government approving a \$107 billion emergency fund as a response to the coronavirus, Canada's economy may actually start bouncing back sooner than we thought. So, the market bottom may even be behind us.

Dive into dividends

As I mentioned, bank stocks like Royal Bank offer investors [dividends](#). With lots of cash on hand, Royal Bank should continue to dish out dividends, even during the coronavirus crash. That means while you wait for your stocks to bounce back, you'll be bringing in cash each quarter, no matter what the markets do.

Let's take a look at some numbers. Say you decide to take your risky investments and put them towards a stock like Royal Bank for, say, half your Tax-Free Savings Account (TFSA) contribution room. That would buy you 421 shares at today's prices. That would bring in \$1,818.72 of annual dividend income and could turn your \$34,750 investment into \$46,310 within a year. That's \$11,560 in profit!

The coronavirus crash bottom line

I'm not going to lie. Today is a scary time. You have a lot to be fearful of with both a health and economic scare on your hands. But if you take some precautions, it's possible to come out of this coronavirus crash with cash in your hands. Just make sure those hands are thoroughly washed afterwards.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Investing

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1. NYSE:RY (Royal Bank of Canada)
2. TSX:RY (Royal Bank of Canada)

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