



## How to Not Run Out of Money During the COVID-19 Crisis

### Description

The COVID-19 crisis gave us all a serious punch. We must be concerned not only with the impact on health but also with the financial repercussions. It's important to avoid making spontaneous decisions and have a plan to deal with the crisis.

For questions relating to health and other areas of daily life, the main [federal government information page dedicated to COVID-19](#) contains a wealth of information to consult. When it comes to money, here are some tips to help you manage your finances.

### Look at where your money goes and comes from

Before making financial decisions, you must first understand your financial situation. It's essential to know how much you are planning to spend and where the money is coming from to meet these expenses.

Take a look at your budget — or make one if you don't have one. Record your current monthly income and expenses.

Some Canadians spend less money, since they don't go out to restaurants, attend events, travel, etc. Others must tighten their belts more if they have suffered a loss of income.

If you have lost your job or earn less due to the pandemic, check if you can receive government help. The main assistance measure is the Canada Emergency Response Benefit (CERB), which pays \$500 per week over a maximum period of 16 weeks, but other support measures are also available. Check the federal government website and the website of your provincial or territorial government to make sure you're getting all the help you need.

Think about the cuts you could make in the future to not run out of money.

## Having an emergency fund is essential

If you find yourself in a situation where your expenses are higher than your income during the crisis, well that's when your emergency fund comes into play (if you have one). Divide the balance of your emergency fund by your monthly deficit to get an idea of the period during which you can avoid taking more drastic measures.

For example, after taking into account the loss of income and the additional assistance to which you may be entitled, you may find that you are short \$500 per month compared to your current level of spending. If you have \$3,000 in your emergency fund, you can survive six months before you have to make tougher choices.

If your income remains relatively stable, or if you still have a surplus, you can continue to save money and invest regularly. Always make sure that your emergency fund is well stocked.

It's also a good idea to continue to contribute to your TFSA or your RRSP if you can. The TFSA contribution limit for 2020 is \$6,000. You can see your TFSA contribution room through Canada Revenue Agency's My Account e-services.

You can withdraw money from your TFSA anytime you want without paying any tax or penalties, so you can use it as an emergency fund. [Buying dividend stocks](#) is a good idea, as they will give you a regular income that you can use to pay for your expenses.

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