How to Avoid a Personal Financial Crisis

Description

If you feel stressed and anxious about your financial situation during the COVID-19 crisis, you are not alone. A recent Credit Canada survey found that as many as two-thirds of Canadians say job loss and reduced income would cause them a serious financial crisis.

What to do if you find yourself short of money following the loss of your job or a reduction in your working hours? Here are a few tips to avoid a personal financial crisis.

Be sure to have enough cash on hand

To see if you have financial difficulties, you have to know where you are on the cash side. What expenses do you have to pay? Do you know what are the applicable deadlines, amounts, and interest rates, if any? What income can you count on?

If you lost your job because of COVID-19, you might be eligible to receive the Canada Emergency Response Benefit (CERB), which will give you a taxable $2,000 for four months. If you have a Tax-Free Savings Account (TFSA), you can withdraw the amount you need and it won't be taxable. You can put back any amount you withdraw from your TFSA in the following year.

You can take advantage of your TFSA by investing in the stock market. Buying dividend stocks in your TFSA is an excellent way to receive a regular income that you can keep entirely in your pockets.

You can defer payments

If you find out you don't have enough money to meet all of your financial obligations, identify what you can defer. The priority is to meet your immediate needs. Payment deferrals are useful to avoid a personal financial crisis, as it immediately frees up valuable cash.

You can request a deferral of payments for mortgages, loans, and credit cards, if applicable. If possible, contact your bank well in advance of your payment due date to request a payment deferral.

If you want to be proactive and plan for the possibility that you may need more money, find out if you can defer your property taxes, utilities, or debt payments before the need arises.

Are you wondering what the impact of a mortgage deferral will be? There are no general rules. Each lender has its own approach. Don’t hesitate to consult your lender for more details.

Interest may continue to accumulate during the deferral period and be added to the mortgage balance at the end of it.

With some lenders, your mortgage payments will remain the same, but the remaining amortization period for the mortgage could be extended. Other lenders may decide to maintain the remaining amortization period and increase the payment amount at the end of the deferral period.

Help yourself in these unpredictable times

A good way to remember your financial obligations is to schedule reminders. You can schedule reminders on a digital calendar weeks in advance. It will send you notifications so you don’t miss important dates.

If you need to defer payments, take on new debts, or settle other important matters, be sure to note everything.

If you have requested payments deferral but still have financial difficulties at the end of your deferral , contact your lender to find out if your initial agreement can be extended.

CATEGORY

1. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing

Date
2025/08/26
Date Created
2020/06/14
Author

sbchateauneuf