Did COVID-19 Drain Your Savings? Don't Worry. Do These 3 Things

**Description**

Did you drain your savings in the 2020 pandemic? Likewise, did you pull out of your investments because of COVID-19? It's natural for Canadians to feel anxious about the impact of the health crisis. It's better to keep cash under the mattress or take precautionary steps before the market bombs.



Financial experts advise against emptying your hard-earned savings. Times are challenging, but you can do three things to maintain your liquidity position and not worry. No one knows when the pandemic will end. The economic recovery might be slow such that the recession could be long drawn.

## Adjust your budget

The first thing you can do to avoid depleting your savings is to get on top of your finances and adjust your budget. Stay home and go out for essential errands only. You can derive savings from fuel or commuting costs. Since there are no outdoor entertainment, school bus, and daycare expenses, you can free up some cash.

## Avail of federal income-support programs

Millions of Canadians are out of work or working fewer hours due to lockdowns. Apply for income-support programs where you're eligible to have income replacement. Before the pandemic, people were only saving 2-3% of disposable income.

According to Statistics Canada, there's a divergence from the usual savings habit in the second quarter of 2020. The savings rate jumped to 28.2%, because Canadians were keeping, not spending, their newfound money. You won't need to borrow, because you have the cash to spend on essentials. Some use the pandemic money to pay down debts.

## Invest when possible

For people owning stocks, COVID-19 shouldn't force you to sell, because you could lose more in a bear market. Stay the course if you believe you have a strong investment foundation in place.

If you want to start earning passive income, make sure you're debt-free and living expenses are under control before investing. Also, it must be free cash you won't need soon for emergencies.

New investors are flooding the stock market amid the pandemic. You can purchase some top-of-the-line dividend stocks at cheaper prices than before. The banking sector is under a lot of pressure lately, although **Canadian Imperial Bank of Commerce** (TSX:CM)(NYSE:CM) remains a rock-solid investment opportunity.

CIBC has never been a high flyer, if not one of the perennial underperformers in the TSX. But income investors favour this bank stock, because it's a reliable source of income. The dividend track record is an incredible 152 years. Currently, the bank stock is trading at $101.20 per share and paying a lucrative 5.67% dividend.

Thus far this year, CIBC is outperforming the general market. In Q3 of the fiscal year 2020, revenue surged by 66.81% to $392 million versus the same period in 2019. The dividend payouts should be safe and recurring, as the bank keeps the payout ratio in check (below 70% at present).



## Positive outcome

The coronavirus-induced lockdowns caught people by surprise. However, the government's pandemic money turned the negative into positive. Disposable incomes are sharply rising, as Canadians begin to see the need to prioritize emergency funds. You'll not drain your savings if you can take control of your finances.

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2. Coronavirus
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