



## Market Crash 2.0: 3 Steps to Prepare for the Inevitable

### Description

A market crash is [coming](#), whether we'd like to admit it or not. All the signs are there, pandemic related and not. What it comes down to is spending, and that's spending that happened before and during the pandemic.

Before the pandemic, countries reached a fever pitch of debt. This already had economists predicting a market crash in the near future. But then, the pandemic hit. This led to an incredible increase in spending to keep the economy afloat. Between January and September 2020, global debt increased by \$15 trillion to a total \$272 trillion. Most analysts predict by the end of the year, that number will increase to \$277 trillion.

There's really only a few ways to pay this back: taxes and cuts. That's increased taxes for us, and cuts on social programs (though of course in other areas too) to start bringing down debt.

But even before that happens another crash is likely as COVID-19 cases soar. We could even enter a country-wide lockdown again, as numbers are higher than the beginning of the pandemic. If that happens, we could see another huge drop in earnings as businesses close – some for good – and that would mean another market crash. That could be as soon as mid-January, but I'd say latest March.

So here are three steps you can take to prepare yourself.

### Open a Tax-Free Savings Account

If you don't already have a TFSA, open one now. The TFSA is the perfect market crash preparation tool. The contribution limit was just announced for 2021 of \$6,000, for a total of \$75,500 as of Jan. 1, 2021. If you've had a TFSA since 2009, you may have already easily met this contribution limit, leaving a huge nest egg available for a market crash.

But if you have yet to open one, better late than never! And if possible, max out on your TFSA room. If you buy solid stocks that can see you through this downturn and beyond, you'll come out the other end in the black. Even better, find dividend stocks that can make you cash no matter what's happening.

And of course, that's all tax free!

## Automated payments

Now I get it — we don't all have a huge chunk of cash that we can just put towards a TFSA. Especially \$75,500. However, everyone has to start somewhere and you can start by putting aside whatever you can afford. A great recommendation is to put aside 10% of each pay cheque into your TFSA. Say you make \$40,000 a year, by year's end that's \$4,000 you can put towards investing!

## Drip feed

You don't have to invest in a TFSA all at once. Again, you might not have that \$4,000 just lying around in wait. Even worse, you might be tempted to spend it. Instead, have some stocks in mind that you would want to buy when they dip. That way you also don't miss out on opportunities to buy low and slowly increase your stake.

This is a method called drip feeding, where you slowly buy a larger and larger stake in your stock. Each month, quarter, year, whenever the market is right you can choose to put some money into the stock. A great idea is to come up with a price you would be willing to buy and create alerts so you know exactly when to pick up the stock.

## Foolish takeaway

If you do all of this, you'll of course need a solid stock option. In this market, you want something safe and reliable with a strong future, and of course dividends. There are two options I would consider right now, both in the [healthcare](#) industry which is seeing strong growth during the pandemic. Those options are **NorthWest Healthcare Properties REIT** ([TSX:NWH.UN](#)) and **Viemed Healthcare Inc.** ([TSX:VMD](#)) ([NASDAQ:VMD](#)).

NorthWest owns healthcare properties around the world and has seen revenue increase substantially during this pandemic. Its occupancy has been around 99%, making its dividend completely safe, especially so as leases usually are for years, even decades.

Right now the stock has a 6.4% dividend yield! Meanwhile, Viemed provides in-home healthcare options for those with respiratory illnesses, something needing development during the pandemic. So this company is likely to continue seeing years of growth through investment. And the best news? Both of these stocks are still cheap!

### CATEGORY

1. Coronavirus
2. Investing

### TICKERS GLOBAL

1. NASDAQ:VMD (Viemed Healthcare)
2. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)

3. TSX:VMD (Viemed Healthcare)

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