3 Strategies to Survive Any Recession

Description

Motley Fool investors are likely completely over the poor market performance of late. But we have to be honest: we've had it good for a long time — too long, some could argue.

The reason is that we have had over a decade of growth before the March 2020 crash. And the problem is that the crash in 2020 was due to the pandemic and rebounded fairly quickly afterwards. But the world continued to throw money into surviving the pandemic, leaving them in a poor economic situation.

So, what are Motley Fool investors to do in order to survive a potential recession? Here are some strategies to start right away.

Pay off high-interest debt

Right now, there isn't a recession. You should be taking advantage of the situation while you can. That means paying down debt that could see interest rates rise even higher during a recession. This would include credit cards, which tend to increase rates during recessions.

It also means they may get rid of deals you could be a part of right now. This could include transferring your loans to a new credit card for the offer of having interest free credit for the next year — a year that could be during a recession.

This can be a huge financial burden during a recession. So, make sure you get rid of any high-interest debt first and foremost.

Identify cash needs

Motley Fool investors have become used to spending over the last few years. We've had the cash because our investments were doing so well! This is no longer the case, so it means we have to rein in our spending and identify cash we may need for the next year or so.

Ideally, you should have enough cash available to see you through a couple months (perhaps six) of unemployment. Take it out of investments and have it available — perhaps even more if you're in retirement.

Seek smart investments

Finally, you don't have to take cash out of all of your investments. In fact, you shouldn't. A recession can also be a great time to look for stocks that should do well even during a recession, or ones that recover quickly.

For my part, I would consider **Loblaw** (TSX:L). It's proven to be an essential service that survived the pandemic and indeed thrived afterwards. Revenue continues to rise, and it's also grown thanks to the expansion of its loyalty program.

Furthermore, you have a 1.45% dividend yield to look forward to. So, this will certainly help for any downturn you may experience. Plus, it's entering value territory trading at 20.51 times earnings, and 3.2 times book value.

Foolish takeaway

Motley Fool investors can certainly take advantage of a recession to make some quick cash. But make sure you're prepared before taking on any risks. That would include paying down debt that could be a financial burden as well as taking out cash you'll need straight away. Then, of course, find out some stocks that could survive any recession and bring in dividends along the way.

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