

REBOOTING AFTER COVID-19

So many people are in the unenviable position of having financial difficulty or perhaps more serious money trouble. The current virus situation has caught hundreds of thousands of people who had little or no emergency funds off-guard, some have debt and some have maxed out credit cards and lines of credit - the shut down has left many with nowhere to turn. Our government is offering some financial relief and there is some assistance available but, for many, it's not enough.

As we have all heard, this will pass and while many have said we may never get back to our old normal, we will get through this and establish a new normal and a chance to rebuild with some new knowledge.

If you are one of those who were caught short with little or no savings, this could be a chance for a do-over. Here are a few tips and tools that could help get you back on track and prepared for other bumps in the road of life. Small things can yield big results over time.

1. STRIP TO THE ESSENTIALS

Do you really need Spotify, Netflix or that cable package stacked with sports channels?

Can you reduce your consumption of alcohol, tobacco or cannabis?

The recession could last two or three years, so we all need to prepare ourselves. Little things, like saving \$20 here and there is going to count down the road.

2. LINES OF CREDIT

If you've lost your job/income or are struggling to pay the rent, tapping into a line of credit is a great option — if you have it. The upside of a line of credit is that it's typically cheaper than racking up high interest on your credit card or through other loans. The downside is that if you haven't already been approved by your bank or credit union while your finances are secure, chances are you won't qualify if you've lost your steady income. And, of course you still have to pay it back at some point. If you have some money invested and need to access some or all of that investment, you're likely going to incur big losses.

3. BE AWARE OF SCAMS

Desperate times can bring out the good in people, but it also attracts scammers looking to profit from other people's misfortune. The COVID-19 crisis has led to a spike in phoney texts purporting to be cash deposits from the government. In other cases, people will make public pleas for money, a claim that isn't always legitimate. Be very wary of scams and fraudsters because they are trying to do everything they can right now to rip people off. Any time you

talk about financial transactions on a social media platform, you're increasing the risk of things like identity theft and fraud.

4. DON'T COUNT ON MORTGAGE DEFERRALS

While the country's biggest banks pledged to offer mortgage payment deferrals for up to six months as part of COVID-19 relief, it shouldn't be the first option you take. Deferring payments is costly because the interest you would've paid is packed onto the existing mortgage, meaning you pay interest on top of the interest.

5. FILE YOUR TAXES NOW

Ottawa has extended the 2019 income tax return filing deadline until June 1, which means any idle hands during self-isolation could be put to good use getting those documents sent to the Canada Revenue Agency. "If you're somebody who hasn't filed your taxes and you expect to get a refund, filing as quick as possible might get some short-term money in your pocket in the next few weeks. And even if you wind up owing money, that payment deadline has also been extended to Aug. 31.

6. REPLENISH THE FUND

Emergency funds are meant for the unexpected, but remember that after COVID-19 the pot of savings will still need to be restored to its former glory. Every effort should be put towards rebuilding or establishing a reserve so it represents three to six months of your expenses. One of the things that, as we eventually come out on the other side of this, will be reinforced is the importance of having an emergency fund. If you never had one in the first place, make that a high priority in your financial life.

7. CONSIDER A SIDE HUSTLE

A side hustle is a way to make money outside of your 9 to 5 job, which you may be working at – many are not. It allows you to make more/some money, and help with your re-boot.

Truth is, many 9 to 5 jobs don't pay all the bills. Many people are not able to work because of social isolation guidelines and the shut down of most industries in Canada and around the world. Google side hustle and look at all the opportunities you didn't know existed before.

HOW TO DEVELOP A SUCCESSFUL SIDE HUSTLE

Make a list of what you're interested in.

To be successful, you need to love or at least enjoy your side hustle. For most, this will be done when you are not working your 9 to 5 job so you'll need lots of motivation and 'stick-to-it-ness' to make this work so find some you like doing for the best results.

Decide early if you will need to invest up-front.

Side hustles don't always require a big investment to get started but, depending on what you are going to do, there could be some costs to get started. Best to be aware of those sorts of details at the beginning so you can decide if you're in a position to make it work. A business plan, which you can do for free on-line, can also be very helpful in determining the viability of your hustle.

Schedule time for your venture.

If you do have a day job, you'll probably want to schedule time three or four evenings per week and maybe time on the weekends to spend working your hustle. Nobody said it would be easy but this venture needs your attention – set the time aside, create actionable goals and make it work.

Don't forget about your day job.

Remember to put 100 percent into your day job. Your hustle will bring in extra money but you are likely depending on your 9 to 5 to pay the bills. Spending time on your side job while at your day job could be a recipe for disaster.

Control what you can – deal with the rest.

Your effort, your attitude, your refusal to stay down, your level of gratitude – these are all things you can control. What other people think or do, what happens around you and the passage of time are not under your control, Spend time on the stuff that can make a difference.

All my best,

Perry Diebert
Stages Financial