What to know if you are struggling financially due to the Covid-19 Pandemic

1) Your Lender Wants to Help

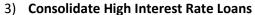


- Ask your lender to increase the amortization of the loan (ie: increase the time frame over which you pay it back: this will lower the payments).
- Ask your lender for a new blend and extend mortgage: take existing debt, roll it into a new mortgage, and increase the amortization if you need to lower the payments
- Here is a list of Covid19 information links to every major lender in BC https://www.tomasojonky.com/2020/04/10/covid-19-mortgage-lender-resource-deferral-links/

2) Renegotiate Existing Loans

If you are hoping to renegotiate an existing loan, the first thing to do is call your lender to explain the situation. Solutions include:

- Increasing the amortization of the loan (ie: increase the time frame over which you pay it back: this will lower the payments)
- Ask your lender for a new blend and extend mortgage: take existing debt,
 roll it into a new mortgage, and increase the amortization if you need to lower the payments



Consolidating high interest rate loans like credit cards into a new fixed term loan to lower payments and interest rates.

• For example, let's say you have



- \$15,000 car loan over five years at 6% paying \$289/mth
- \$10,000 visa bill at 19% paying \$158/mth

You are paying interest only on the visa and it will never be paid off, and over \$289 on the car loan. The Visa is maxed.

Move the visa and car loan into a new \$25,000 loan over five years and pay \$489/mth at 6%: this will pay off the visa in 5 years and only marginally increase payments.

Try to consolidate higher interest debt into one single, easier to manage payment.

4) Secure a Line of Credit

If you have a line of credit, ensure it is secured against your residence: this will give you the lowest possible interest rate. Quite often you can negotiate rates as low as prime (2.45%) by having a secured line of credit against your home equity.

- Banks will generally allow up to 50% loan to value based on the assessed value of the home.
- They may require an appraisal.
- This also allows you pay interest only on the loan, should you require more flexibility on the payments.

^{*\$100,000} owing on a line of credit at 2.45% is interest only payments of \$204 per month.



5) Budget



- Go to the following website and download the spreadsheet: https://www.nomoredebts.org/budgeting/budgeting-tips
- The spreadsheet tells you what is normal for spending, does all the math, and uses graphs and it gives you tips to avoid common pitfalls.

6) Call the Credit Counselling Society of BC

Credit Counselling Society of BC is a registered charitable society and can really help put your debt into perspective, as well as offer additional resources to get you out of debt. **1-888-527-8999**

https://www.nomoredebts.org/credit-counselling-society/why-choose-our-service



7) Contact Luft Financial



• Please feel free to email our team at <u>client.services@holliswealth.com</u> if you have any direct questions you would like to ask about your personal financial situation.





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