

# 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



## 3) Consolidate High Interest Rate Loans

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 [client.services@holliswealth.com](mailto:client.services@holliswealth.com) if you have any direct questions you would like to ask about your personal financial situation.



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