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FINANCIAL PLANNING TO-DO LIST DURING COVID-19

The coronavirus pandemic has given people across the world a lot of time to mull over several aspects of life. Financial planning is one such facet that needs to be visited during this period so that investors can make the necessary adjustments to their financial plans. People should also take advantage of the several financial relaxations currently being offered while decluttering and modifying their portfolios.

Here are some steps you can include in your financial planning to-do list:

- 1 | Take up Online Financial Planning Classes or Read Books
- 2 | Remove Unnecessary Expenditure and Boost Emergency Funds
- 3 | Invest in Life and Health Insurance
- 4 | Reap Benefits of Relaxation in Loans
- 5 | Organize Financial Documents
- 6 | Execute Fundamental Financial Planning



TAKE UP ONLINE FINANCIAL PLANNING CLASSES OR READ BOOKS

The quarantine has financially disrupted the lives of many. One way for people to bring back their finances on track is by gaining knowledge regarding the enhancement and maintenance of their portfolio. There are several online courses and programs for this purpose. Some of them are, 'The QuickBooks Master Class', 'Stock Trader's Ultimate Handbook Bundle', 'The Ultimate Microsoft Excel Certification Training Bundle', 'Introduction to Life Insurance and Retirement Savings', 'Personal and Family Financial Planning', etc. These courses will allow one to understand the current position of their finances and teach them how to formulate and manage profit and loss statements, balance sheets, as well as customizable reports. They also provide a better understanding of the market, thereby enabling the enhancement of the stock portfolio. It is significant to understand all these functions, particularly during this time, when personal savings and income are depleting, and revenue from business operations is going down by the day. Understanding the gravity of the present state of affairs can allow individuals to formulate an expenditure and savings plan, which will prevent the possibility of an unfavourable financial situation in the future.



REMOVE UNNECESSARY EXPENDITURE AND BOOST EMERGENCY FUNDS

Several monthly costs and subscriptions automatically get deducted from bank accounts and credit cards every month. However, at this time, many of these services, like travel plans, fitness classes, library and magazine subscriptions, etc., can be completely unnecessary. Most of these have been deferred due to social distancing and quarantine norms. People may want to relook at their expenses and cut out everything that is not urgent right now. They can then redirect this money to their emergency funds. In the wake of a pay cut or job termination due to the coronavirus crisis, an emergency fund will be useful in meeting day-to-day expenses, medical costs, etc. Individuals are advised to maintain an emergency fund that is equivalent to anywhere between 6 and 8 months' worth of their salary. This fund is especially necessary for those people who do not get paid sick leaves. Another thing to note is that the emergency fund must be kept in accounts that can be easily accessible. In times of crisis, one should be able to withdraw money without any constraints and limitations.



INVEST IN LIFE AND HEALTH INSURANCE

The quarantine has made people realize that just like financial markets, human life too is unpredictable. The biggest concern, when faced with an unfortunate situation like the lockdown, is one's financial ability to cover healthcare costs. Any health problems under this scenario can be dealt through with a simple solution. Individuals must ensure that their existing health insurance covers medical costs that can arise due to Covid-19. If the current policy does not cover this, then try and look for riders and add-ons that include this provision. In addition to this, one can also invest in a life insurance policy to make sure that their family remains economically stable and secure in case of an unfortunate event.

2

Remove
Unnecessary
Expenditure and
Boost Emergency
Funds

3

Invest in Life
and Health
Insurance



REAP BENEFITS OF RELAXATION IN LOANS

Owing to the economic measures being taken by the government amid the pandemic, many banks and non-banking financial companies (NBFCs) are offering relaxation in terms of interest rates on debt. People can take advantage of these benefits. For example, at present, interest rates on federally-held student loans are postponed and the interest has been waived. Though the individuals still have to make loan repayments, the total instalment will be reduced to only the principal amount. This scheme can be effective to pay off loans while saving a considerable amount of money. People must actively monitor all communication from banks and NBFCs and look out for advantages they can benefit from.



ORGANIZE FINANCIAL DOCUMENTS

Investors tend to keep piling up documents in physical and electronic forms, without reviewing them for years. This might be the best time to revisit these. First of all, try to avoid any duplication of documents to avoid confusion. Secondly, those investments that have been either discontinued or matured can be archived. Thirdly, physical documents must be stored in order of usability. Those documents that are required every month like bills and utilities must be available upfront. Those associated with yearly transactions like property tax, income tax returns, etc., should be maintained separately. Medical and insurance records and bills should also be stored carefully to ensure easy accessibility in the case of any emergency.

4

Reap Benefits of Relaxation in Loans

5

Organize Financial Documents



EXECUTE FUNDAMENTAL FINANCIAL PLANNING

The quarantine has given investors some time to spend on their portfolio, and investors can spend some of this on their portfolio. Following the basic financial planning process can be a great way to start. The first step is to formulate a budget, which has also become mandatory in these tough times. Next, investors must review their debt-repayment strategy and make necessary changes to meet the current requirements. Estate planning is another essential aspect that should be reviewed right now. For those who have not yet started, this could be the time to create a will and ensure your estate plan is in order. This also includes updating the names of nominees on all accounts, adding medical directives in the case of emergency hospitalization, setting up a trust for minor children, etc. While it is possible to emerge from wrong investment decisions, one must also work on their estate planning so their loved ones face no inconvenience.

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Execute
Fundamental
Financial Planning

Summary

With a struggling economy, the significance of financial planning, saving, and investing is more important than ever. The tasks mentioned above are helpful not only to ease off a person's financial burden but also to prepare people for any unfortunate event. However, it can sometimes be difficult to understand and evaluate these tasks on your own.

You can reach out to financial advisors and leverage their professional opinion and knowledge to formulate strategies that can boost your portfolio and improve your overall financial stability.

About WiserAdvisor

WiserAdvisor is a trusted source for unbiased information on personal finance, since 1998.

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