

Patience, time will mend it

by CHRISTINE IBBOTSON

Dear Money Lady

My employer is closing our office because of the Coronavirus and suggesting we all work from home. I am now starting to really panic about everything and I am worried about not making my payments on my mortgage if my employer decides to lay us off. Is there anything I can do?

Bill

Dear Bothered Bill!

It is not hard to get swept up in the COVID-19 panic these days when you go into any grocery store and see empty shelves. It makes you want to begin filling up your grocery cart with things you normally would never have purchased. Information keeps changing by the hour. We are being inundated with more and more closures, not to mention the feelings of trepidation when it comes to our finances.

The governments today have ensured us that all will be fine and that they will make monetary allowances to those that need it most. We have been told that job protection and security is paramount to our government and that they will be supporting all businesses impacted by this pandemic. That being said, what does that mean for the average person who is wondering what to do about their mortgage payment due this month? Here are a couple of things to keep in mind.

The Bank of Canada has already cut rates and we predict that they may be considering cutting another 50 basis points before the next meeting on April 15. In an effort to mitigate the continued risk that COVID-19 has on our economy, the banks are considering lower lending rates again. There is an implied expectation of an additional rate cut and this may be a great time to consider refinancing your mortgage or consolidating debt.

If you are concerned about your cashflow, there are a couple of options that you can utilize at your bank to make it easier. All conventional mortgages usually have a "skip-a-payment" option. This allows those mortgages that are in good standing to skip one mortgage payment per calendar year. All the large Tier-One Banks also have embedded cash accounts on their conventional mortgages that clients can access to either skip payments or withdraw funds in times of need.

Why not talk to your bank and see if you can get a line of credit, a lower rate on a re-structured loan or mortgage or even an overdraft on your bank account to tie you over until things recover in the coming weeks. This is not to be viewed as a financial weakness or a plan to get into more debt; but rather good financial planning to ensure you are equipped for future uncertainties and ensure the stability of your monthly cash flow.

I have received so many emails from readers who have told me stories and experiences of true kindness towards neighbours, friends, family and even strangers. I wish you could read them all Bill. It is inspiring to me to see how truly wonderful we all can be to one another. Patience and time will mend this pandemic. Why not use this opportunity of a low rate banking environment to revisit your portfolio ? perhaps change your mortgage or restructure your debt. It could be a good thing!

Good Luck and Best Wishes,

Money Lady

Christine Ibbotson is author of "How to Retire Debt Free and Wealthy" Follow her on Facebook & Instagram. If you have a money

question, please email on website at: www.askthemoneylady.ca