

DEALING WITH DEBT DURING COVID-19

COVID-19 has impacted numerous individuals and families as many people have had their employment disrupted, making it difficult to pay bills and manage their debt. There are fortunately steps that you can take to help cope with any pre-existing or additional debt that you have accumulated.

Look at all government funding and supports first.

You may be eligible to receive emergency government benefits during this time.

Access these via online applications: For a list of [Federal supports](#) and [Provincial supports](#)

If you have loans, ask if you can defer payments.

Many financial institutions, including banks and credit unions, are allowing customers to defer payments. Do keep in mind that although you may be able to defer payments, interest is still accumulating, meaning when the deferral stops you may be faced with a larger than normal payment. Financial institutions are offering up to **6 month** deferrals on a variety of products which may include credit cards, car loans, mortgage payments, and other loan products.

Check on flexibility in paying your rent.

Perhaps this large monthly expense may present a challenge in these difficult times. You may be able to be able to delay paying your rent. Ask about [deferring rent and other rental supports](#).

Avoid predatory lenders.

Payday and alternative lenders thrive in this type of environment when people are financially strapped. They step up their advertising to take advantage of this. Don't fall trap to their high interest products which can charge 46% to 48% or more! Search out alternatives such as the Fast and Fair Loan, which although still high is less than half what predatory lenders charge.

Consolidate your debt.

If you have high interest charging debt such as credit cards, or other alternative loan products, explore consolidating these into a lower interest rate bank loan. It will lessen the interest you are accruing, allowing you to pay down the principle amount faster.

Look at payment deferral of utilities and other essential payments that you may have.

BC Hydro, Fortis gas and ICBC, all have programs allowing for deferral of payments and in some cases, grant which is used as a credit towards overdue balances. A company may not always publicize their relief measures, so the important thing to remember: Always ask!

Manage your payments.

While paying down debt fast is often a good strategy, ensuring that you can make your minimum payments on time is even more important, since missed payments can trigger penalties and negatively affect your credit score. If your employment situation is uncertain during this time, hold off on accelerating your debt repayment in favour of making regular, on-time payments on all your debts.

Discontinue services you may not need.

Are you paying for magazine subscriptions, video streaming, music services or gaming subscriptions you rarely use? Perhaps you have signed up for a free trial and forgot to cancel once the freebie ran out? Those recurring monthly charges can add up and stopping them now can stop this cash leakage.

Go for the free version.

Services like a Microsoft office can often be replaced with free open source software which has very similar functionality, with no cost attached.

Cut the cord.

Perhaps there has never been a better time to cut your cable and opt for a free option.

A simple antenna that can be purchased (\$20 to \$80) or you can [make your own for free](#).

Check what [channels you are likely to receive for free](#) using an antennae. You may not get all the channels, however if you can live without the Pet Fashion Channel or the Trump Etiquette Channel, you'll see your savings add up.

Stream away.

You may combine an antenna with a streaming service which will still be a fraction of what you pay for cable. You may also be able to split the cost with a friend, as some plans allow for multiple users.

Go for the freebies.

During COVID-19 many streaming services are offering free trials – some of which range between one to three months. Take advantage of these, but don't forget to set a cell phone or other reminder to cancel before the trial runs out and the billing begins.

Closed, but still open for business.

Yes, many public services, such as libraries, are closed however they may still allow you to take out electronic copies of many popular books and magazines. Even if you don't have a library card, you may be able to acquire a temporary card on-line, giving you access to all their free electronic offerings.

Set up a budget.

Perhaps the most important tool for managing our money particularly when there has been a disruption in income is to keep track of how much money you have coming in and how much is going out in the form of expenses.

Check out additional resources.

For additional tools and exercises to help you [set financial goals and track income and expenses](#).

