

Surviving COVID-19 Financially By Andile Jali - SecureFin

What seemed to be something far away has hit home sooner and harder than any of us have ever imagined, leaving a trail of destruction in Government, Industries and Personal Finances. While COVID-19 will infect many and result in many deaths, the truth is that we must survive the present while preparing for the unknown future. In this article, I will share a few points on how I think we can survive and also prepare ourselves for the future.

I have been unfortunately fortunate in my life. A son of a builder and cleaner with 6 siblings, I found myself like many young South African's unable to further my studies after matric. After leaving school I have done many things to earn a living which include, volunteering to push people's trolley's at the mall, working as labourer in building construction, assistant to an alarm technician, I worked at a KFC Franchise, as an Administrator at an NGO, a Business Consultant at one of the biggest insurance company's and eventually venturing out as a business owner. Though I did feel unfortunate with not chasing my dreams to study towards being an architect I now look back and see the fortune in my past experiences and how they helping me survive now.

As of current, I am the Managing Director at SecureFin Advisory Services, a Financial Services Provider. I have been working in Financial Services for the past 14 years in which I have been providing insurance and investment advice to clients across the income spectrum.

So how do we survive in the present?

Financial Assistance from Banks - Banks have extended many COVID-19 relief packages for both business and individuals. These include payment breaks on loans and access to loans with extended terms to reduce the monthly repayments. It must be noted that all these measures only provide momentary relief with long term burdens. For people who have either lost all their income or have had to take salary cuts, these will go a long way in helping them but taking these bank reliefs must be a last resort. Debt attracts interest and the longer the payment term of a debt the more expensive it becomes, so you have to consider how these payment breaks or new debts will affect you in the future.

Life style change - This should be the first thing we do when in financial distress but often it is not. We would rather first squeeze everything we can to maintain our lifestyle rather than changing it. You have to relook at your budget with the aim to cut out things you can live without and keep the necessities and this applies to both business and individuals. Reduce or get rid of expensive phone contracts, and expensive entertainment, find ways to reduce your water and electricity bill and relook at your grocery list.

Businesses should strive for more efficiencies. Efficiency does not always mean cheaper but sometimes it is deriving the best value from what you are already spending money on to ensure better quality and growth in your production. Know where and why you are spending money. Where possible cut down cost and this might mean you spend a bit of capital upfront for long term cost reduction. If your business allows, enable your staff to work from home as it has shown that people tend to do more when they work from home.

Insurances - As a financial advisor I must warn you against cancelling insurance policies without consulting with your financial advisor. Difficult times do not reduce your risk exposure that is covered by insurance policies. Arrange a session with your financial advisor

to should you need to reduce the cost of insurance. Many people are now working from home and therefore could save money on their car insurance. As an example, if you and your partner/spouse have 2 cars and both of you are working from home, you could opt to use one car and reduce the cover on the other car that is not in use. If your income has dropped find out from your insurers whether they are offering any premium breaks.

Cash is King - You need to start saving cash. The shut down has exposed how less we save as individuals and business. I do know that some people have lost their income completely while some have taken as much as 50% pay cuts which makes saving impossible. I also know that there are those who have retained their income during this time so for them, they need to ensure that they start putting away the extra money they would have spent on things like commuting to work, entertainment and any other expense they are currently not paying because of the pandemic. No one knows how long the effect of COVID-19 will last and exactly how much financial damage it will cause so any relief you have access to now will be futile if you cannot count the rands and cents you have saved in your bank account because of them.

The Future - I wish I had a crystal ball that I could look into and tell you exactly how life and business will be like in the future but I don't.

Here is what I have learnt, investment advice often looks at the past to make a decision today that would yield an interest in the future. I believe that this is the approach we should take in our personal finance and business as well. You have to go back and start accounting for you previously spent money on to make changes today that will affect you in the future. I would start with the difficult part of pulling out my last 3 months bank statements and start accounting for every cent that went out of the account. Your bank statement is a true reflection of what you are spending on and it will provide you with the facts you need to start making changes today for a better future. Budgets only work if you are able to hold yourself accountable to them so merely writing down what you should spend on and not checking if you indeed spent the money on that is a futile exercise.

As a business, you need to start researching your industry with the aim of finding new and more efficient ways to provide your service. Think of what your customer needs now and what you think they will need in the future. Businesses that thrive are those that keep adapting to the needs of their customers. It's always said that you should look at your competitors and understand them so you can beat them but I say compete against yourself and focus more on your customers. Survive the present and build for the future.