



Financial Planning in times of uncertainty

PLANEJAR 

Pra vida



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Introduction

The world has changed. We live in new times in a reality with unimaginable challenges in our history, making financial planning even more important in our lives. Our role is to share our experience, disseminating financial education and financial planning for improving the quality of life of society. This e-book was created with this objective.

Prepared by CFP® professionals, the content has short, direct, and practical guidelines to help individuals and families to cope with their finances, today and for the future.

The information was grouped by topics of interest to facilitate consultation. Enjoy the reading!

Planejar - Brazilian Association of Financial Planners



1. Take care of yourself

1.1 - Activities in times of crisis.

Organize your time - and give yourself time. Are you distressed for not being able to do all the activities you had planned for this period of quarantine? Be careful not to take out your anxiety and the need to “move about”; consuming what is not necessary. Beware of purchases: for not spending more than required by stocking up and not being “seduced” by

online shopping. The ease of virtual shopping, with home delivery and discounts, can make you spend more than you need. All too often we are still getting used to the new routine and to expect to be able to maintain the diet, physical activities, work, study, reading, and movies routine maybe to ask too much from you.



***Keep calm and
do not consume
unnecessarily!***

1.2 - Try to think in solutions, not in problems.

In moments of crisis, it is important to avoid the landslide of information that is available. The best is to focus on possible solutions for the problems you are experiencing. Did your company cut wages? Are you short of cash? Think calmly on what you could do to help with the month's bills. Alternatively, is there

some paying work you could do from home? Could some of the measures announced by the government benefit you? Review your budget, income and expenditures, and project the impact you may experience if the income reduction continues and try to adjust your spending as much as possible.



Organize yourself to try to get through this period as smoothly as possible.

1.3 - Be creative, use your skills and keep an eye on opportunities.

Calm seas never made a good sailor, as the old saying goes. So, look in the crisis the opportunities it hides. How could you provide services for your customer, even from a distance? What other business, which today cannot be easily found, could be made available to customers? What would delight a customer who cannot leave home? What needs have been discovered in this crisis? See how you

can generate income in the virtual world. Which part of your activity can you do online? Have you ever thought that your neighbors might be needing your services? And that in times of money shortage, to exchange one service for another, for food or other items you need is a way to overcome the lack of income with the exchange.



Sail new seas, but remember to protect yourself against possible storms!

1.4 - Stay alert and be on the lookout for frauds.

In troubled and delicate times such as these, we can become more vulnerable and exposed to frauds and scams. Our emotions are running high and we are more susceptible to fraudsters. Furthermore, with the increasingly intense use of digital media, the risk has increased. Frauds and scams may present themselves in a variety of environments: by WhatsApp messages asking us to click on a particular link; by the Internet with amazing deals, including items related

to the moment in which we find ourselves, such as masks and alcohol gel, quite often from “ghost” sites which do not deliver the product, and by telephone with requests to confirm personal information, token updates, account and credit card passwords, and requests for the in-person delivery of documents and cards. In the world of financial applications, be wary of someone who offers you no-risk and high-profitability investments, as this is

usually a fraud and may be a pyramid scheme. Check the SEC (Securities and Exchange Commission) site and check whether the company that is offering you this investment is in good standing and registered.



***Beware and believe:
scammers are experts and
know our weaknesses!***

1.5 - Take advantage of the quarantine to improve yourself!

You can no longer stand staying at home? Look for activities that provide you with pleasure, but that can be done at home; or even those you need to do, but was postponing for when you had some free time. Do you know that course that can improve your professional performance and could be fundamental in your career or that one of that language you

want to improve? The market is offering a multitude of them and many are free. Take the time to direct more attention towards your financial life! Learn Personal Financial Planning concepts. Prepare yourself, think of Financial Planning as “protection”, not only for this, but also for possible future crises.



The quarantine can be a great time to reflect, create and grow!

1.6 - Add strengths, establish alliances.

Suddenly, the world has changed, and you do not need to be alone to face the new challenges that impose themselves!

Technology has brought us the ease of being connected, even in times of social isolation and, in these moments, humanity shows its best side, knowledge, creativity, resilience, and collaboration.

To stay connected to other people, in addition to being fundamental to our health and

emotional balance, can bring business opportunities and incentives for the financial life.

From selling something that you no longer need, to exchanging some object or service for another without having to shell out money, to creating support and idea exchange groups to better managing the situation in the face of the current scenario, an extremely fertile and positive environment of possibilities is created.



Connect yourself and be collaborative! “Who is not seen is not remembered!”

1.7 - List everything you are learning.

Months later: what has the quarantine taught us? These months of quarantine will certainly be marked in everyone's history! Observe well and reflect! What was the best you gained from this experience? Have you ever stopped to list everything you learned during this period? To look on the bright side is always an invitation to transform and evolve! Some have learned emotional

resiliency and noticed how it is possible to be strong, others have learned that it was possible to minimally balance the finances because some expenditures increased, but others decreased! It was possible to dedicate ourselves to new skills with video classes. To make discoveries as the possibility of reinventing ourselves and to continue working online. Subtle learning has also taken place

upon noticing how distant we were from loved ones, the achievements, and what is not so essential after all. It is time to renew and reflect how we want to continue in the new normal.



Think about what you can do differently from now on!

2. Look after your financial organization





2.1 - Life continues, do not get discouraged! Do not “let life take you”...

Trying to remain calm and resolute in these turbulent times can be very difficult, but it is essential to seek alternatives and solutions. To act calmly is also necessary in the financial life. That is, it is important to “live the life”, taking the reins of our finances on what we have control. This is the right time to review your finances:

readjust the budget, think about new sources of income, preserve financial resources, seek to renegotiate debts, or begin to save money towards a financial reserve, even for that dream. If it is too difficult to perform this extremely important organization, seek expert help.

Financial planning is your best ally in this journey.



2.2 - The importance of a good picture.

Having a hard time paying your bills? More than ever, to be able to understand how you and your family are generating income and, especially, how much is being spent, is one of the keys to balance your budget. Based on this picture, take action: all expenditures and

disbursements that may be reduced, saved, eliminated, and postponed are worth the effort. The creation of a realistic control of expenditures is vital at this time to preserve reserves and not become indebted. Reduce or eliminate what is not a priority!

Find out what comes into and leaves your “pocket” - this is essential!



2.3 - Emergency Funds are worth a lot!

“I had planned, but the emergency came up ahead of time, what do I do now?”

Remain calm, review your bills and your budget, who plans has a future, and taking a small detour onto the shoulder will not push you out of your path. The important thing is to preserve the resources you have saved as much as possible.

The income forgotten inside the closet: enjoy the moments at home to separate good articles that you no longer use. What about selling them and generating an unexpected income?

Take good care of the money you have available - it is worth a lot!

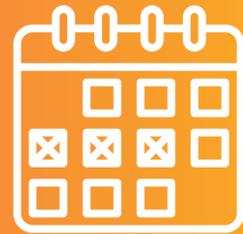


Expect the best, but be prepared if the best you expect does not come at the desired time!

2.4 - Reassess your true priorities to make the best decisions!

Keep the optimism, but prudence when spending and making decisions. Be careful not to consume too much to relax the tensions and to compensate for the anxiety. Recognize the difference between NEED and DESIRE. Need is when you really need something that, without it, there would be an impact on what is essential for your and

your family's life. Desire is when you want something, but you can live tranquilly without it. More than ever, family union is needed to align the decision-making process and to plan for the "new normal".



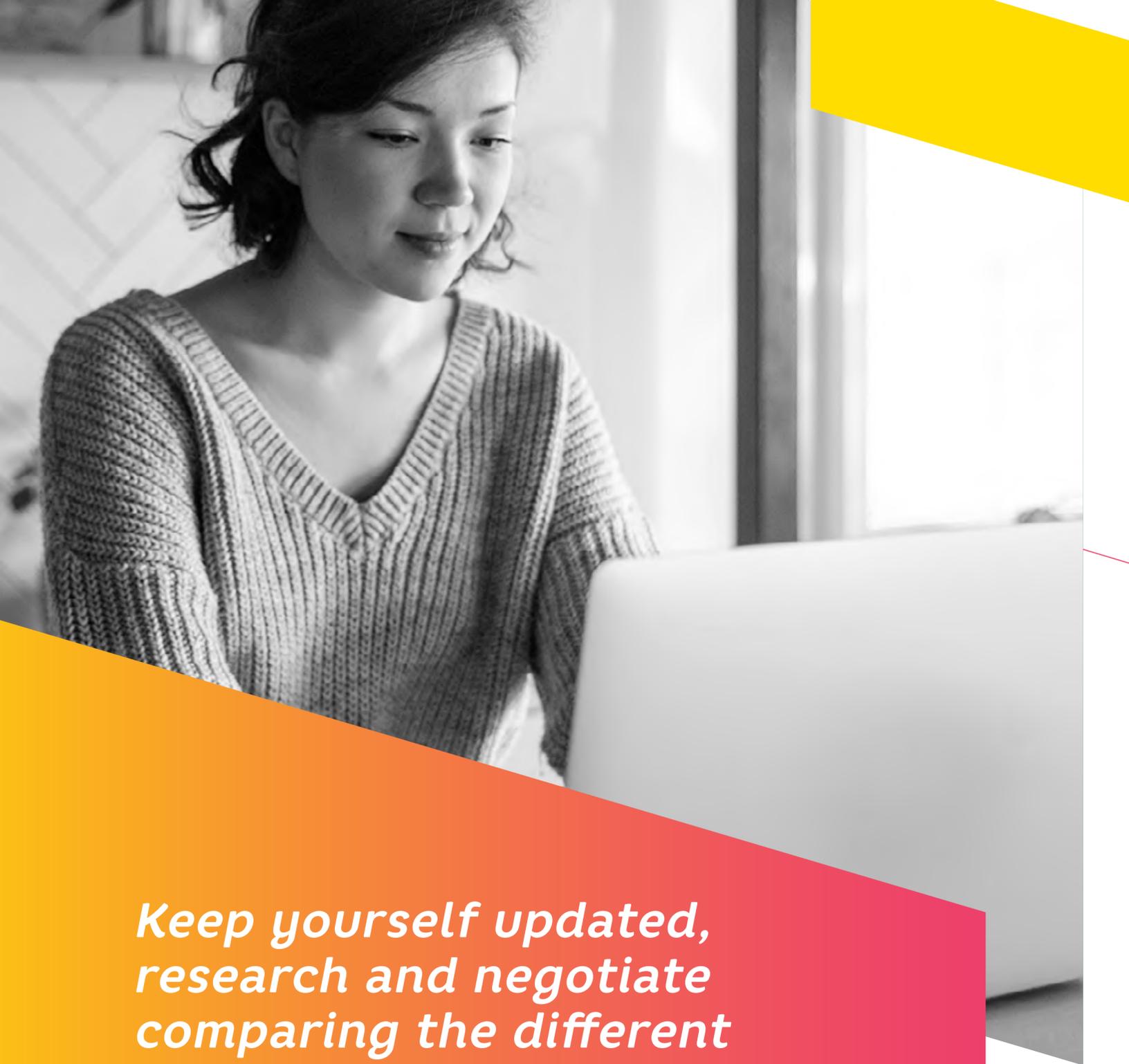
*Protect yourself
against possible storms!*

2.5 - Pay attention to the calendar.

Be careful not to fail to pay or make late payments of bills and important commitments.

Quite often during moments of greater stress, our heads become so full that we allow the passing of due dates of important items that leave us more protected, such as health and life

insurance plans, for example. Furthermore, allowing bills to become overdue due to distraction and not for not having enough resources means unnecessarily paying penalties which only increase expenditures and affect the budget.



2.6 - Find out more, search, negotiate.

To review loan and financing contracts can be a strategy to rebalance your finances. If your income was cut, already have a loan or financing and now it is difficult to pay the installments, to renegotiate them can be an alternative to reduce the “financial crunch”. But attention: check the renegotiation’s interest and the cost. Assess

it calmly! **Warning: be careful with overdraft accounts and revolving credit cards!** For these cases, check your options for cheaper loans. Review your budget realistically and, if necessary, negotiate with your bank or seek alternatives in other institutions.

Keep yourself updated, research and negotiate comparing the different market institutions and do the portability, if necessary!



2.7 - Avoid decisions in the heat of the moment.

The money was not enough to make ends meet and you have to take out a loan? Making decisions when we are very happy or very sad is not always a good idea - whether for our life, work, relationships or even finances. Thus, in times that we experience greater stress, such as these times, sleep on decisions, give yourself

time to think about them and devote attention to them. This attitude can prevent, for example, taking out loans at high interest rates or at very long terms. First check whether there are other options to cut expenditures, to sell an asset, to advance remuneration for some work you will do in the future.

If there is no other option except to take out a loan, search for the best modality and analyze and compare costs among the different institutions in the market!



This is an important moment to reassess your investor profile. If you realize it is not adequate, slowly, and gradually begin adjusting it towards the correct profile.

2.8 - Prudence, yes, but be careful not to become paralyzed in relation to your investments.

It is always important to review your investments and assess if they are in line with your profile, your goals, and, especially at this moment, your liquidity needs. In this phase of so many changes, to do this became essential!

If your portfolio matches your risk profile, investment horizon, and cash requirement, there is nothing to worry about. However, if

the oscillations made you lose sleep, it is probably because your portfolio is riskier than it should. If the liquidity of your investments is not adequate for paying your expenditures, adjustments will probably be necessary. Reassess your profile and review if the investment portfolio is in line with it and your current financial reality.



3. Think about your future

3.1 - Are you taking good care of your money?

The moment is very important to reassess how you are managing your financial reserves. The famous 1% per month in low-risk investments is no longer a reality and your personal and family budget has possibly also changed. It is necessary to analyze with great discretion strategies for investing, generating revenue, and using your money. Everything has changed, from in-person contacts to trips to the mall.

The financial market is no different, the fundamentals have also changed. Therefore, besides looking at your current budget, look around you. Reassess whether your current lifestyle matches what you expect and is possible, given the new reality. From this reflection, review your budget and investments and make the necessary adjustments.



The fundamentals have changed and, therefore, it is possible that you will have to change as well.

3.2 - New healthier financial habits.

More than ever, less is more!

Analyze the impacts of this new scenario on your income and the actions needed to adapt yourself. Think about your lifestyle and what is important for you and your family, since, in periods of greater scarcity, it is necessary to act with more rationality and to make fewer impulse-driven decisions.

Do you remember when we faced a shortage of water and everyone was being careful with its use, turning the faucet off to wash the dishes, avoiding washing the sidewalks with garden hoses and so forth? Many of these habits have been incorporated and we started making best use of the resource. Yes, with our money we must act in the same way, using it wisely to avoid not having any!



After all, a simpler life is easier to “live”.

3.3 - Serenity is fundamental.

Keep the serenity and do not decide what to do on impulse. If you are in doubt, wait a while before making any decision hastily, which could harm your equity, and try to be better informed about your investments. One of the ways to reduce anxiety is to avoid monitoring the market minute by minute.



Seek professional help to assist you!

3.4 - Did your retirement investments suffer with the crisis?

What to do? Assess your situation before making any decision!

Much has been said about the rises and falls of markets and the importance of not making hasty decisions in this moment of uncertainty. If your retirement is still a while away, assess the possibility of keeping your investments. Who knows, a review of the

chosen options can be made at a time when we are able to see more clearly how the scenario will unfold.

Now, if you are one of those people who are counting the days to retirement and do not know very well what to do, we suggest a simplified step by step:



a. Review your monthly budget to understand exactly how much money you will need in the coming months;

b. Assess the value of your investments in lower risk options;

c. Calculate for how long your investments in lower risk options will last if you use them to pay your monthly expenditures;

d. Only from the time you have this information in hand it will be possible to identify the most appropriate solution for your case: start conducting small transactions in your investments of greater risk or wait a few months until the economic situation is somewhat a little more “predictable”.

Remember, your retirement investments were made to provide you with tranquility during this phase of your life - hasty decisions should not put your financial future at risk.

3.5 - Compensation for losses.

This pandemic has taught us a lot. In the case of the financial market, it has showed us that rises and falls of the market can happen more intensely. When this happens, it may generate good profits, but also losses. In this case, did you know that, in some situations, it is possible to compensate for these losses and profits that occurred and, therefore, have a tax benefit? Look at some modalities: As a rule, in the case of investment funds, you can compensate for losses if the funds are from the same tax category and the same administrator. In the case of shares purchased

directly on the stock market, you can compensate for sales which resulted in losses with others which resulted in profits. However, here are two alerts: (i) if you sell up to R\$ 20 thousand in a single month, you are automatically exempted from Income Tax. Then, you do not need to compensate for with this profit and may leave the compensation for future profits and (ii) if you performed day-trade operations, you will only be able to compensate for with profits from the same modality, i.e., with day-trade operations. So, it is very

important to maintain control of operations and custody of documents to be able to carry out the compensations. There are many other rules besides these and, since they are very specific and detailed, they should be analyzed with caution.



Beware and consider the compensation possibilities when paying Income Tax on your investments.

3.6 - “Better be safe than sorry”

Everyone is subject to setbacks in life, even those who were wary! What changes is how you can prevent “known” risks, such as health, car theft, the “absence” of one of the family’s providers, among others.

In the case of John, for example, it was neither life’s setbacks nor unforeseen events that took place. Only time was able to change certain stories.

First it was the car that broke down and, if it were not for the insurance, John would have

no alternatives to continue working. Then it was his health and, once again, the insurance proved to be relevant.

Insurance, in the case of John, spared him not only the headaches of going a few days without income by providing him with a loan vehicle but also with the treatment he needed for his health.

But just like life, the world changes. The insurances that John needs today, 15 years after the first time he had to use one, are different.



Therefore, if you already have insurance, review the necessary coverages. If you still do not have one, assess the alternatives and what makes sense to you.

3.7 - Have you ever thought about what legacy you want to leave?

Legacy is what we build throughout our lives and what we leave when we are no longer here. It is to leave something, of financial value or not, for other people.

For those who stay, it can often represent a historical, cultural, or even financial legacy. Parents, for example, seek to leave love, values, and education for their children.

Although the theme is not very easy to talk about, the current moment has made us think more about

the people who depend on us, like children, parents, and partners, and how to protect them from potential impacts, not only emotional but also financial in the event of our absence. Therefore, an important attitude is to preventively plan, by and for the people who are our priorities, how they will be provided for financially in the event of our absence.

It is very important to think about the legacy you want to leave and to organize yourself so that your family can receive it properly.



Take care of the people who are important to you!

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Angela Nunes, CFP®, **Carlos Castro, CFP®**, **Eliane Tanabe, CFP®**, **Gisele Andrade, CFP®**, **José Faria Jr, CFP®**, **Letícia Camargo, CFP®**, **Luiz Correia, CFP®**, **Marcos Harbich, CFP®**, **Theo Linero, CFP®**.


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