



DEALING WITH FINANCIAL CRISIS

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Train the Trainers Program – Financial and Tax Literacy Drive
Vitiya Gyan – ICAI ka Abhiyan

Topics to be covered

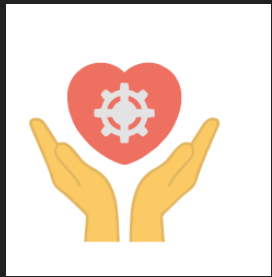
- What is financial crisis?
- Causes of Financial Crisis
- Steps to follow in a financial crisis
- How to avoid financial crisis
- Food For thought Quick Tips
- Financial Crisis Checklist

What is Financial Crisis?

- Unsustainable financial lifestyle
- Debt more than income
- Financial assets losing the value
- It does not necessarily result in changes in the real economy
- Financial distress can leave an individual or a company struggling to pay their creditors, or bills or loans. In severe situations, it may even lead to bankruptcy.



Causes of Financial Crisis



Emotional
attachment
to an
investment



Lack of
understandi
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financial
manageme
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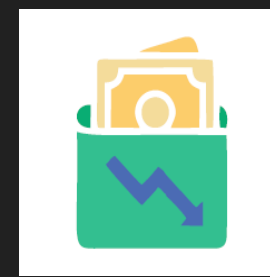
Spending
more than
you earn



Investing
aggressively
in
retirement



Investing
without
proper
research



Sudden
Reduction
in income



Unexpected
Expenses

What steps to follow in a financial crisis?

- **Step 1:** Remain Calm
- **Step 2:** Evaluate the situation
- **Step 3:** Take Inventory
- **Step 4:** Undertake S.M.A.R.T Goal Setting
- **Step 5:** Sharpen your skillset
- **Step 6:** Set Financial Priorities
- **Step 7:** Replace one major monthly expense
- **Step 8:** Take Actions/Corrective Actions
- **Step 9:** Don't hesitate to ask for help

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How to avoid financial crisis?

- Financial crisis is very unpredictable and can happen in a blink of an eye.
- With uncertainty looming, it is more important today than ever before to understand how you can protect yourself from financial instabilities:



Make a budget



Build an emergency fund



Increase your income



Maintain Liquidity



Check your insurance coverage







Determine what you can change



Curtail Impulsive purchases

Food for Thought –Quick Tips

-  Defer EMIs only in extreme situations
-  Use Technology to your advantage
-  Money Management
-  Additional Cash

Financial crisis checklist

- Emergency situations can be more overwhelming if you are not in sync with your thoughts.
- Having a checklist helps break each matter down into chunks of activities that you can tick off and stay on track with the road to recovery.

- Don't Panic
- Don't make hasty financial decisions
- Look for cash generating mediums
- Reassess your goals
- Tap everyone you know for leads
- Handle severance package offer
- Maintain health insurance and life insurance
- Stay on the emergency spending plan
- Talk to your friends and family
- Consider getting private assistance
- Make retirement plan decisions
- Avoid short term investment decisions
- Minimize debt burden
- Meet a financial planner

Conclusion

- While personal finance is a very broad realm and there is a dearth of financial advisors, it is advisable to account for a personal finance approach.
- It is important to obtain literary knowledge to make acceptable decisions, maintain adequate security and avoid financial crisis no matter what situation arises.

Thank You!

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