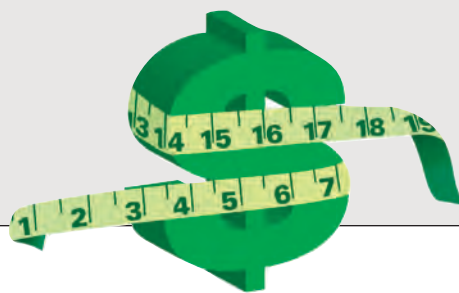


# Financial Fitness

[financial management for your business]



## Asking the Right Questions Amid the COVID-19 Pandemic

By Corie Gabriel, director of the Private Client Group, Roosevelt Investments

It may be years before we fully understand COVID-19's economic and public health impact. Tens of millions of Americans have lost their jobs, and social-distancing requirements – which appear likely to remain in place for several months – may affect spending and services in ways that are difficult to measure in real time. The global health care system also faces a major reckoning, with a mounting death toll that has been humbling to follow.

Government officials and the general public may wrongly assume that the funeral business is booming as a result of the pandemic. But funeral professionals know that the pandemic has come with hardships and challenges.

Stay-at-home orders, bans on large gatherings and social-distancing requirements have all but halted customary funeral services for all deaths (not just COVID-19 related). Some states are discouraging embalming and forbidding remains to be stored or otherwise held for future memorialization, and many people are opting for direct cremation versus a full service and/or burial. The list goes on.

These sudden changes have resulted in reduced cash flows for many funeral businesses, while increasing strains on funeral professionals trying to accommodate grieving families in the best and safest ways possible. End-of-life businesses rarely come to mind when government officials or financial pundits



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refer to “small businesses” struggling in today's economy, but a majority of funeral businesses are very much a part of that group.

Priority number one for funeral and cemetery professionals, of course, is navigating your way through the economic downturn. But the crisis also presents an opportunity time to closely review your financial plan, asking the right questions and making the right changes to ensure you emerge from the downturn stronger and more financially sound than ever before.

**Question No. 1:** Did your financial plan take into account a downside shock? Does your financial plan need updating?

A well-rounded financial plan should take into account worst-case scenarios, base-case scenarios and

best-case scenarios. Part of that planning involves forecasting different business conditions, market conditions, and a range of outcomes for your expected annual income and expenses. In other words, quite a bit of strategic planning.

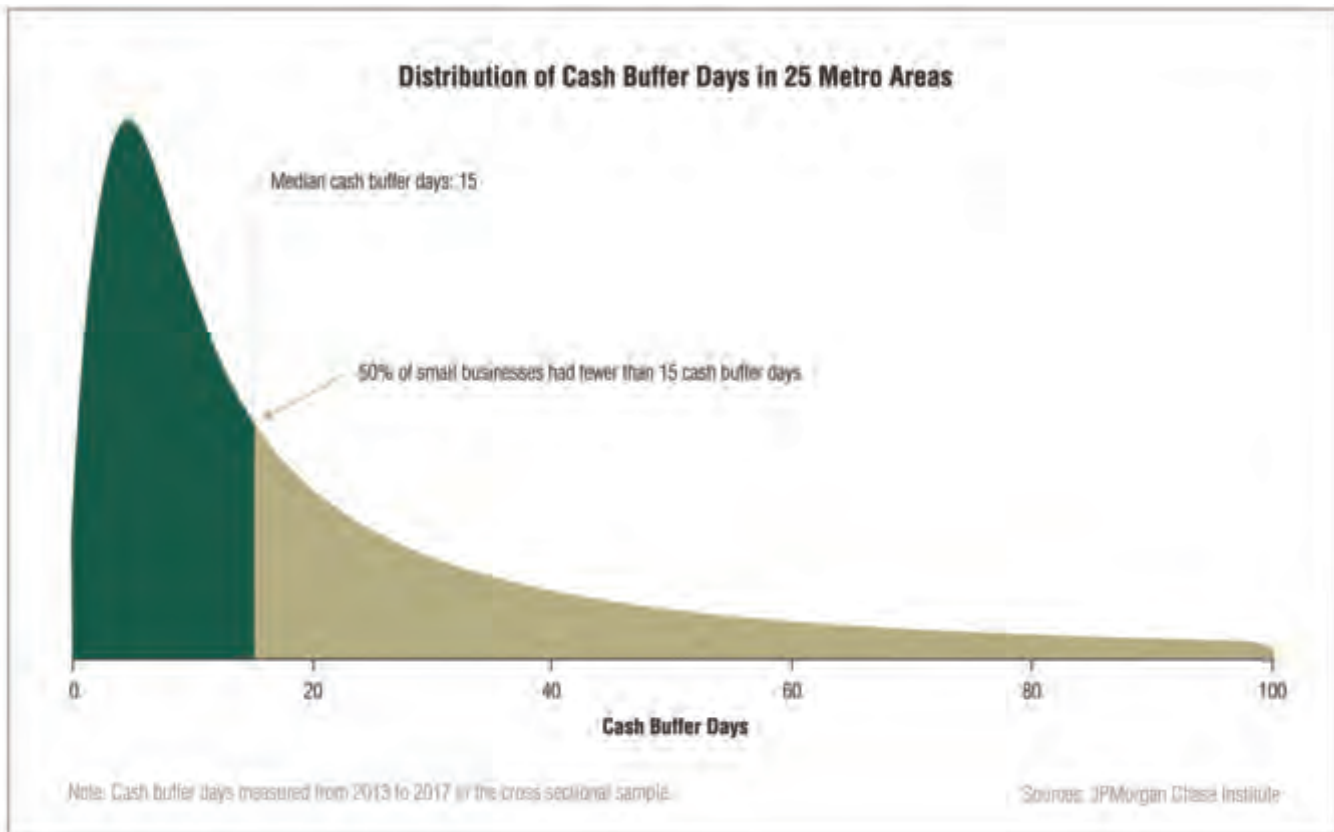
For many funeral and cemetery professionals, this type of planning may simply mean spending time with a financial adviser to review your financial plan. For others, it may require taking a close look at your role in the business and developing a financial plan for the first time.

**Question No. 2:** How has your business and/or personal cash flow and income been affected? Did you have a sufficient cash buffer in place?

Data from the JPMorgan Chase Institute laid bare the financial state of many small businesses across America. Research shows that in 25 metro areas, small businesses had fewer than 15 days of cash buffer – certainly not enough to ride out the pandemic.

From a small business standpoint, now is a good time to scrutinize balance sheets and investment accounts to determine how prepared the business will be to future downside shocks – particularly given the possibility of a second wave of infections. Action items may include restructuring the business to reduce expenses, and/or putting a plan in place to build-up a cash buffer in the business over time.

From a personal finance standpoint, the crisis may have meant tapping into savings to replace income



even as you worked longer, more stressful hours. Many are realizing the hard way that they did not have adequate liquidity to meet the moment. Action items here may include scrutinizing your personal balance sheet, rethinking your medium- to long-term goals, and/or raising cash to prepare for a drawn out economic recovery.

**Question No. 3:** Did the market downturn in March – and the volatility that continues today – change your attitude about investing?

The U.S. stock market (S&P 500) plummeted -34% from February highs in a matter of just 23 trading days. The declines were steep, sudden and for many, scary. But volatility works both ways, and since March 23 the stock market has been in rally mode. Many investors cannot make heads or tails of the market's behavior, and as is the case with every bear market, attitudes about investing and risk are changing.

Now is a good time to rehash how

you feel about the market and investing with your financial adviser. Doing so means examining your asset allocation to ensure your tolerance for risk is balanced with your desire for income and growth. Are there any tweaks or changes you should be considering?

A broader question for many funeral and cemetery owners is whether the market volatility and economic impact of the pandemic has you rethinking your role in the business. Do you want to work less in the future, or perhaps work more? Have thoughts of selling the business earlier than planned come to mind?

Sometimes the midst of a crisis is the optimal time to ask the hard questions and to think deeply about plans for the future.

**Question No. 4:** How will your savings and ability to save be affected?

The idea of saving during an economic crisis may be the last thing funeral and cemetery professionals are

thinking about right now, but it shouldn't be. A well-constructed financial plan should have buffers in place to keep your savings plans largely intact, even if a disruption to business means pausing your savings plans for a brief period.

Many people are having to tap into savings to provide support during the pandemic, and that's OK – that is what the savings are there for in the first place. The key is to make sure that you can get your plan back on track when the economy shifts fully into recovery mode.

The pandemic has been challenging for businesses and professionals in a myriad of ways, and the road to recovery is likely to be long and bumpy. But rising to the challenge means asking the right questions about your financial situation and long-term plan, and perhaps making some tough decisions in the process. The goal across the board is not only to survive the crisis but emerge from it stronger than ever. •