



Action Plan to Maintain Cash Flow

Recommendations for managing your business during the next 90 days

The coronavirus pandemic has ignited a chaotic selling of stocks and mandatory lockdowns are all over the country. Businesses of all sizes have been disrupted by the virus as a result of local and national reactions.

For small business owners, having to close their doors for business immediately carries implications on their personal finances. With the landscape changing in varying degrees by geographic region, timeline unknown, we ask you to review your cash flow strategies to prepare for 90 days of coverage.

90 DAY CASH FLOW PLAN

To appropriately prepare, please complete the following steps:

What are your cash needs?

Determine your monthly and quarterly cash requirements for both your business and personal needs. On the personal side, have a serious discussion with your family around limiting discretionary spending. For your business and personal, monitor and reduce variable costs and manage paying fixed expenses. Examples:

Business

- Fixed – Rent & Utilities, Insurance, Advertising, Loan Payments
- Variable – Salaries, Supplies, Merchant Fees
- Discretionary – Meals, Travel, Equipment Purchases

Personal

- Fixed – Mortgage, Utilities, Insurance, Loan Payments
- Variable – Groceries, Fuel, Clothing
- Discretionary – Entertainment, Travel, Hobbies, Dining Out

What are your cash sources?

If you need more cash to cover the needs listed above, evaluate possible sources for additional cash. This could mean working with creditors to defer payments or pay the interest only on debts, or even accessing lines of credit (LOC) loans.

Possible Options

- Cash Holdings
- Loans – Business LOC, Home Equity LOC, Unsecured LOC, 401(k) Loan
- Accessing non-cash accounts – 401(k), HSA, 529 Plan, Roth IRA
- Personal Stock Brokerage Accounts
- Decrease Tax Payments
- Defer Loan Payments

What are your priorities?

This is where the strategy comes in to play. With the cash you have, you will need to assess which items you are able to tackle, and in what order. Assign due dates to each of the items below to aid in prioritizing the cash flow needed for each item during the 90 days.

- Necessary Business Expenses
- Necessary Personal Expenses
- 2019 Tax Extension Payments – Deadline 7/15/20
- 2020 1st Quarter Tax Payment – Deadline 7/15/20
- 2019 IRA Funding – Deadline 7/15/20
- 2019 Qualified Retirement Plan Funding – Deadline 10/15/20
- Working capital available upon reopening business
- 2020 2nd Quarter Tax Payment – Deadline 6/15/20

PEACE OF MIND COMES FROM PREPARATION AND CONFIDENCE IN A STRATEGIC PLAN

In times of uncertainty, financial security will offer you and your family what it needs to breathe deeply and get through this period.