



# TAKE CONTROL

*for Your Future*

## What to do if you lose your job: Spend less

**I**n the event of income or job loss, it is important to reduce family spending right away. Even if you think you will have a new job soon, failing to do this right away can add to the stress and pressure of finding a new job.

### **Revise family spending**

- If you have been using credit, stop. It is important not to build big credit card balances that might be more difficult to pay on a reduced income.
- Create a written cost of living plan based on the amount of income you will receive from all sources, including unemployment insurance.
- Decide which expenses can be eliminated entirely and for which expenses low-cost substitutes can be found.
- Create a budget that is between 80 percent and 90 percent of expected income.
- Track your expenses under your new budget. You may discover expenses that were overlooked in developing the budget. Fortunately, you left some adjustment room.
- Now revise your budget to include the new expenses or their low-cost substitute.
- Write two dates at the top of the spending plan: The last date you will receive unemployment compensation (including extensions under the stimulus plan) and a date two months prior to the expiration of income. These dates should give you a sense of whether there is time to search for your dream job or only time to focus on getting a new job.

- Explain to your family that because the economy is changing, you and they will have to do a few things differently.
- Enlist family members to help reduce essential expenses such as utilities and food. Simple acts like turning off lights, wearing a sweater and putting away leftovers can reduce and keep costs down.
- Help your family adjust to reduced spending. It may be helpful to tell stories of other economic downturns and how your parents or grandparents or others in the current situation adjusted to take care of their families.

### **Prioritize spending**

Identify essential expenses and assets. For example, a reliable car is likely to be an essential asset. Consider whether you can pay off your car if you have a loan. This will be especially important if car payments will extend beyond the number of months of unemployment insurance income. If you lease a car, review the lease documents to determine whether the car can be purchased at a pre-agreed upon price. You may want to purchase the car or end the lease early and purchase a good inexpensive car to eliminate the need for a car payment. Using a leased vehicle for job searches and family activities may cause you to exceed your annual mileage allowance, requiring you to pay additional fees at the end of the lease.

## Develop a “Plan B”

Use your spending plan as a guide to how long you will be able to maintain your current home. Identify a point in time when you will need to downsize and what resources will be necessary. For example, if you are not working 18 months from now, it may be necessary to move into a rental or move in with family. Downsizing usually means less space. Following are some factors to think about.

- It is important to make the move before you have exhausted all of your money resources because it will cost money to move.
- Where can you store your extra furniture and belongings?
- Can you afford to pay for storage?
- What items should be sold or given to family or friends?
- Will you need to rent a truck?
- Who can help you lift heavy items?
- Moving before you run too low on money will spare you and your family from having utilities turned off or being evicted.
- Do not wait until eviction is at hand. You will not have time to plan or organize and store your belongings.
- Eviction will disrupt your children’s education and add to family stress.

Having a well-thought-out plan in advance of the need lets you talk to relatives or friends to gauge their willingness to temporarily house you and your family or assist with the move. Everyone will be better prepared and the transition will go more smoothly.

## Find extra money

- Collect money that is owed to you.
- Sell items that you no longer use (power tools, golf clubs, garden equipment or excess furniture, baby furniture) — have a yard sale or sell to a second-hand shop.
- Turn a hobby into a profit-making venture (give lessons, create Web sites, sew or do alterations, create scrapbooks).
- Do handyperson projects — help people clean garage, do yard work, paint.
- Market your business by posting flyers at supermarkets, places of worship and on windshields of parked cars.
- Word-of-mouth marketing can be effective. Ask friends to give you referrals to their friends and co-workers

## Information resources

Government information is available on a wide range of finance-related topics including investing in turbulent times, paying for education, foreclosure scams and more. Financial calculators for home buying, investing, retirement planning, college planning and more are also available.

[www.mymoney.gov](http://www.mymoney.gov)

## Personal finance topics — Cooperative Extension online

A wide range of personal finance information is available through articles, frequently asked questions and an “Ask an Expert” function for when the answer you seek is not presented elsewhere.

[http://www.extension.org/personal\\_finance](http://www.extension.org/personal_finance)

Carolyn L. Bird, Ph.D., AFC, RFG®  
Assistant Professor

Family and Resource Management Specialist

Department of 4-H Youth Development and Family and Consumer Sciences

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