

Your Employee Assistance Program is a support service that can help you take the first step toward change.

Financial Strategies and Steps to Take Following a Layoff

Money is a source of anxiety for most people at one time or another. When you lose your job, it can be a source of even greater anxiety. How much information you'll need about finances and budgeting will depend on your savings, your circumstances, and your financial situation. In this article, you'll find positive steps you can take to feel in control of your finances. You may want to consider making a checklist of the following steps and keeping a log of your results as you complete each step. That will give you a sense of positive action and accomplishment.

Step 1: Look at your finances and personal budget

The first step in devising a financial strategy for the weeks or months it will take to transition to a new job is to look at your financial picture so that you understand your current situation. You'll want to look at your household monthly income, including any severance pay, unemployment benefits, your partner’s income (if you live with a partner), and savings. And you'll want to determine how much you spend, your spending priorities, and what you owe. To do this, you will need to put together the facts of your personal finances. This will take some work and the cooperation of others who have information about earnings and spending. But the result will be a clearer picture of where you stand financially, and it will help you think about choices for the future.

Step 2: Talk about finances with your family

It can be difficult to make do with less when finances are tight. A change in income can have an effect on everyone in your family. That's why it's important to have a family discussion about finances. Together, you can work out what the change means for everyone and adjust your plan accordingly.

Start talking openly about money with your family or members of your household. You might want to have a family meeting to talk about how a reduced income might affect everyone. Share ideas on how to cut costs. Discuss how you will deal with your changed financial picture. Work together to reduce spending or increase earnings until you're back on track. Younger children can become anxious if they are exposed to adult worries, however, so keep money discussions with them low key. Don't overwhelm your child with too many details. If you have to reduce family spending, explain that this is a temporary situation until mom or dad finds a new job.

Discuss with your partner about the expenses you have and the spending choices you're currently making—including things such as housing costs, insurances, spending on entertainment—and whether you will need to make different choices to accommodate your situation.

Recognize what you can and can't control in your budget. Your monthly rent or mortgage payments, for example, are probably difficult to change, at least in the short term. Refinancing your mortgage or moving to less expensive housing may be options, but both involve time and expense. On the other hand, spending on entertainment and luxury items, with some self-discipline, is very much within your power to change. While we tend to pay the most attention to those big monthly expenses, it is often the smaller expenses—magazines, take-away food, and dinners in restaurants—that knock the budget out of balance. You do have control over your cash spending.
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Step 3: Cut costs if necessary

Depending on your circumstances, your job loss may or may not have a big impact on your budget and spending habits. If you find you do need to cut back temporarily, you'll find lots of ideas here on ways to spend less. But it's important during this time not to deprive yourself of all luxuries. Occasional meals out or gym membership, for example, can sometimes be key to maintaining balance and to helping control stress during challenging times, so you may want to make room in your budget for these things if you can.

Stop using credit. If you don't have money for something, don't buy it. Even if you do have the money, during this time of uncertainty, it's wise to conserve your resources as much as possible. Leave your credit card at home unless you know you'll absolutely need it.

Call your credit card companies and ask to have your interest rates lowered. Credit card companies will sometimes lower your interest rate if you simply ask them to. Be sure to ask if there will be any negative credit reporting for getting a lower rate. Or, if it's an option, you could switch your balance to a card with a lower interest rate.

- Let the thrifty person in your family carry the money and do the shopping.
- Create a menu for the week and make your shopping list based on the items needed for your menu.
- Shop from a shopping list, use vouchers and coupons, consider buying generic items instead of name brands, and don't buy anything that's not on the list.
- Don't buy anything the first time you see it and comparison shop and look online to see where you can get the item at the best price.
- Don't go food shopping when you're hungry. You tend to buy more food, and especially more junk food.
- Cut down on eating out and visits to shopping centres.
- Turn off the lights when you're out.
- Save on gasoline. If shopping or services are nearby, consider walking instead of driving when you can. Try to run errands on your way to and from work.
- Shop around for the best phone and utility rates.
- Share babysitting with other parents.
- Consider bartering for services you need with services you can provide.
- Discontinue TV subscriptions or cut back on channels and services.
- Discontinue magazine subscriptions, unless they can be helpful in your job search. Check to see if you can access magazines for lower cost on line or at the library.
- Look for ways to eliminate expensive membership fees.
- Write letters or send emails instead of making long-distance phone calls if you don't have a long-distance calling plan.

Step 4: Seek help if you fall behind on payments

Keep in mind that assistance is available if you fall behind on payments. Creditors, utility companies, and others are often willing to lower payments in an emergency situation. Here are some ways to seek help:

Call creditors and let them know your employment status has changed. You might say, "I recently lost my job and I'm out of work temporarily. I'm wondering whether you offer flexibility or special payment arrangements." Tell them that you are reworking your finances and looking for new work. You do not need to go into detail about your situation. But it's often best to talk to creditors before, rather than after, you have a problem making payments.

Find out if your creditors are willing to lower your payments temporarily. For example, if you need to have your mortgage or car loan payments reduced, discuss it with your lender. You might say, "I have lost my job and I am having trouble making my payments. Could we arrange a special payment

schedule until I start working again?" Be as specific as you can about when you expect to be back on your feet financially.

Keep making at least minimum payments on your credit cards. And don't miss any payments. If you do miss a payment, talk to the creditor immediately and agree on a plan for getting back on track.

Look into consolidating your debt. Consolidating debt can involve transferring credit card balances to lower-rate cards or it can involve actual consolidation loans. Unsecured consolidation loans require no collateral and normally require that you have good credit. Secured consolidation loans are usually linked to your home. Be cautious about putting your home as collateral for other debts. If you're struggling to make those debt payments and use a secured loan to consolidate, the lender could repossess your home if you can't keep up with repayments.

Seek help from a credit counsellor. You may want to consult **Canada.ca's** resources on managing debt, or search online for a credit counsellor that suits your needs.