



Surviving a Layoff

A layoff or job change can be a challenging and stressful situation for you and your family. However, you can achieve a successful new direction with careful financial planning, useful tools and a positive approach.

Take a look at your overall situation

Review your budget and see where you stand financially. Your budget is the cornerstone of your personal financial plan, whether you're saving a lot of money already or if you're faced with reduced income. In its most basic form, the budget includes income, expenses, and debts.

List sources of income

This is the starting point of your budget review. In times of reduced income, you have to be creative and look at sources of income that you might not have considered in the past. Determine the amount of your reduced income, how much of that income you will replace and identify other income sources to replace lost income. Other income sources include: unemployment compensation, savings, severance pay, family members and tax refunds.

Review expenses

A great deal of "savings" can be found on the expense side of your budget. Write down every penny that you spend. Make as many expense categories as possible to see where your money goes. Determine your needs versus wants so you can make decisions about which expenses can be reduced or eliminated. Prioritize your expenses from the most important to the least and start cutting now!

Evaluate and reduce your debt

List all of your debts — both secured and unsecured. Mortgages or other secured loans should take first priority. Determine if you can refinance or consolidate your debt to reduce monthly expenditures. Also try contacting your creditors to make payment arrangements. Many creditors offer hardship programs where they will waive interest, alter fees or give you a break before returning back to regular monthly payments. Use cash for new purchases and start to pay down credit card debt by paying more than the creditor's minimum payment. When smaller balances are paid off, apply that money toward increasing the payments to your other creditors.

Be diligent, persistent and organized

Think positive and make your finances a priority.