



11 STEPS TO TAKING CHARGE OF PERSONAL FINANCES

1. Prepare a Complete Household Budget

Getting control of your personal finances is an important part of surviving unemployment. Use a household budget worksheet to see where you spend your money and where you can save. Do this as a family project. Your budgeted expenses should include.

- *Fixed expenses* – mortgage, rent, taxes, insurance, loans, installment payments, credit card payments, child support and other fixed monthly payments.
- *Variable monthly expenses* – food, gas, repairs, dues, prescriptions, recreation, utilities, and child care.
- *Future expenses* – income/property tax and other outstanding debts.

Your budgeted income should include:

Income
Savings
Severance Pay
Union strike assistance
Unemployment compensation
Accrued vacation pay
Refund from pension funds

2. List Assets

Other assets may include:

- Cash value of insurance policies

- Prepaid burial or funeral policies
- Equity in your home (*the difference between the value of your home and the amount you owe on your home*)
- Resale value of vehicles, boats, RVs, etc.

3. Set Priorities for your Expenses

Payments should be listed in order of importance. This will help you pay first things first when money is short. The most important will be your mortgage or rent payment, followed by utilities, health insurance and car payments. Child support or alimony payments (if any) are also of high priority.

4. Make a Complete List of Creditors

List the following information for each creditor: Name, address and phone number of the contact person, account number, total amount owed, payment schedule, and interest rates.

5. Notify Your Creditors Before You Get Behind

Determine how much you can pay regularly on each bill. If you need to negotiate a lower monthly payment than your creditors expect, notify them before you get behind. Creditors are usually easier to work with when you let them know about your situation before a severe problem arises.

Contact Creditors in writing:

- Tell them you need to work out a plan for delaying, reducing or refinancing payments until you return to work.
- Always include your account number, phone number and address in all correspondence.
- Keep copies of your letters and follow up by phone.

6. Pay What You Can

Even if you can't pay the amount creditors want, pay something regularly. This keeps your overdue balance as low as possible and lets creditors know you are making a good faith effort. Partial payments may keep your account from being turned over to a collection agency.

7. Stay in Touch with Creditors

After your first letter, keep in regular contact with your creditors. This assures them, and shows them a responsive attitude and may keep them from harassing you.

IMPORTANT: DON'T IGNORE YOUR MAIL! *Sometimes trouble comes because people ignore government agency inquiries or creditor requests for information. That only makes things worse. If you do not understand notices or bills sent to you, call the person who sent the bill.*

8. Stop Credit Purchases

Stop using all your credit cards. Interest on most credit purchases is extremely high. If you have advance warning that you will be out of work, try to make larger payments to reduce the balance you owe.

9. Reduce Household Expenses

With your family, plan reductions in household expenses to stay within your budget.

- To cut your **food** costs:
 - i. Plan less expensive meal menus – use leftovers and prepare snacks from scratch
 - ii. Adjust your buying habits – only shop when you need to, make a list and compare prices and brands
 - iii. Use coupons
 - iv. Consider other shopping options – food cooperatives or farmers markets
- To cut your **telephone** bills:
 - i. Switch to a money-saving rate plan
 - ii. Eliminate unnecessary calls (measured service charges for calls by length and time of day)
 - iii. Make fewer long-distance calls (take advantage of lower evening and weekend rates)
 - iv. Cancel phone features like “call-waiting”
 - v. Discontinue cell phones, e-mail services and pagers
- To cut your **energy and fuel** costs:
 - i. Turn off lights, TVs and appliances when not in use
 - ii. Cut back on the use of “power hogs” like hair dryers

- iii. Lower the thermostat on your water heater and furnace, or turn up your air conditioner, and dress accordingly
- iv. Wash and dry only full loads of clothes or dishes
- v. Eliminate unnecessary car trips

10. Sell What You Don't Need

Consider selling that extra vehicle or the boat and trailer you rarely use. Look at your possessions to see which items could be sold or traded without really changing the way you live. Talk to your landlord about doing minor repairs, cutting the lawn or doing other yard maintenance in place of rent.

11. Check into Other Financial Resources and Life Insurance

- Review your policy or talk to your insurance agent to see whether you can borrow against your policy.
- *Pension funds* – Talk to your union representative or employer to see whether you are owed a refund on your pension fund contribution or from other funds. You may be able to borrow against your 401(k) or Tax Deferred Account (TDA)

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