

COULD YOU BE NEXT?

7 TIPS FOR PREPARING FOR A POSSIBLE JOB LOSS

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With the job climate being in such ongoing flux – especially in different parts of the nation and economic sectors – it doesn't take much to feel stress over a lack of job security these days compared to ten or fifteen years ago. Whether it's the latest story of a call center being moved overseas, or watching another co-worker clear their desk after the latest layoff notice, by now you may be getting a little nervous.

What do you do? How do you prepare for a possible job loss?

Rather than staying complacent and assuming your position, your department, your company or your geographic location is "safe", stay alert and be proactive. Just like the message in the book "Who Moved My Cheese", keep sniffing and noticing what is going on around you. In today's economic climate, unpredictable changes are happening over night.

Below are some financial steps you can take to be more prepared and have greater peace of mind while you currently hold your job:

1. Line up a Line of Credit (LOC)

If you own a home and have equity in your home, the best time to arrange for a line of credit may be when you need it the least. It's easier to qualify when you have job stability and stable home ownership. This is a nice emergency cushion to have in the event your job and financial situation suddenly takes a dive and your cash reserves drop pretty low. Depending on the lender, there may be a nominal fee, but compared to the high finance charges of credit cards, having some peace of mind will be worth it.

2. Build up Your Emergency Fund

This is the traditional "Pay Yourself First" idea. As you pay your fixed bills, include the bill of a set amount going into your savings account. Whether you choose a 5-10% range or start off with \$15 - \$100 a week, the most important step is getting in the consistent habit of regularly putting money into savings every month. And of course, leaving it there.

The ideal guideline is 3-6 months worth of take home pay set aside to help you weather a job loss, medical emergency, or major home calamity. Basically, you want to have enough funds during this emergency period, to cover your housing and basic living necessities like rent, utilities, groceries and gasoline. This would be the time you lop off the Starbucks habit.

With an average job hunt taking one month for every \$10,000 worth of salary, it actually could take 6 months (for a \$60,000 salary) to find a job. Having your 6 months of emergency money will help you keep focused on the job hunt and not be so distracted with financial stress.

3. Re-evaluate Services

Competition in the marketplace means potential savings for you. Perhaps you have been comfortable for years with your mobile and land phone service, long distance carrier, cable company, Internet Service Provider, and insurance for your home, car, health and dental. Don't be.

It may be time for a reality check. Find out what the latest promotional offer is for service and price. Many consumers are switching and saving. Review your insurance. Be sure you know exactly what it does and does not cover. Determine if it makes more sense to raise the deductibles.

Ask about "Universal Life Line" programs. Some communities offer a reduced rate for basic phone service if you are unemployed or under a specific income level. This may be true with other utilities. In some low income cases, I know of utility companies that will help out with replacement of old inefficient refrigerators, broken windows and provide caulking, new bulbs, weather-stripping, hot water heater blankets and more.

4. Downsize your Lifestyle

This may be the time to be arranging for more simplicity in your life. Would it make more sense to sell the current expensive gas guzzler car that has enormous costs for insurance, tires and regular maintenance?

Is there a second vehicle, boat, RV that is not being used, but still has expenses like insurance, parking, storage and registration?

Is it time to consider moving to a smaller home or rental unit? Would it be feasible to rent out rooms in your home and if so, are there a few modifications you could do ahead of time?

5. Evaluate and Prioritize Discretionary Expenses

This is the part you have not been looking forward to – cutting back. By cutting back now, you can start building up your emergency account. Not only that, but you can slowly start adjusting to a different lifestyle by choice, rather than being forced into it.

Review your daily and monthly expenses as well as those periodic expenses throughout the year. Evaluate your spending for entertainment, clothing, dining out, vacations, recreation, gifts, personal items, and household or electronic goods. Prioritize your expenses. How much value, satisfaction, and fulfillment is each expense bringing you? How dramatically would your life change if you eliminated this expense?

Remember the choices you always have with every expense. You can cut back, postpone, eliminate or become more resourceful in having your needs met.

For more help screening your expenses and outlining a realistic and workable spending plan, take a look at my book *The Budget Kit 4th Edition* workbook—one of the best manual approaches available. You can find it at your local bookstore, or my website www.moneytracker.com where you will also find the e-book version.

6. Tap into your Talents

Consider ways to develop services based on your skills, talents, experience and hobbies. Perhaps you are sitting on a gold mine of talent you just haven't expressed before. How could you start building up a side job now? Be creative and look at the world around you. What needs do you see and how could you fill them? Are you great at assembling furniture, equipment, toys, or handy with home remodeling projects or the computer, a gifted tutor, or just a natural at utilizing the Internet?

7. Network with your Network

By all means, be maintaining and expanding your immediate and secondary network of family, friends, co-workers, former bosses, community, church members and anyone else you can think of. These are the people who may ultimately make all the difference in your life some day.

Utilize these tips now and you will have a good jumpstart on your finances for the future regardless of your job status.

Judy Lawrence is a Budget Coach and Counselor in Albuquerque, New Mexico – after moving back from the Silicon Valley area in '09. Her best-selling book, [*The Budget Kit: Common Cents Money Management 6th Edition*](#) (Jan 2011, Kaplan Publishing), has sold over 425,000 copies. If you would like a 30-minute free phone consultation, sign up for the free e-course, or just find out more about her services, workshops and books, you can reach her at www.moneytracker.com or judy@moneytracker.com or 505-554-2638 or 408-529-6474.

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