

Unemployment, a reduction in wages, termination of support payments, and other emergencies can be traumatic experiences that leave you wondering how you can make it through such critical times. You can direct your financial affairs by taking a close look at your obligations and making informed decisions about what to do.

When your incomes decrease, or become uncertain, but the bills don't, keep these five "Cs" to making ends meet in mind.

Control. Control as much of the situation as you can. Don't panic or waste energy blaming yourself or others. Remember, you and your family can take control of your actions.

Claim. Claim benefits due to you. Check eligibility requirements for unemployment benefits and other assistance programs as soon as possible.

Communicate. Communicate with family members about the new limitations on your resources. Analyze your situation as a family unit and plan accordingly.

Confer. Confer with creditors. Don't ignore the problem and simply default on payments to creditors. Make every effort to work out a mutually acceptable repayment schedule.

Change. Change your lifestyle. Be prepared to make changes in your lifestyle at least temporarily, so you can maintain basic essentials.

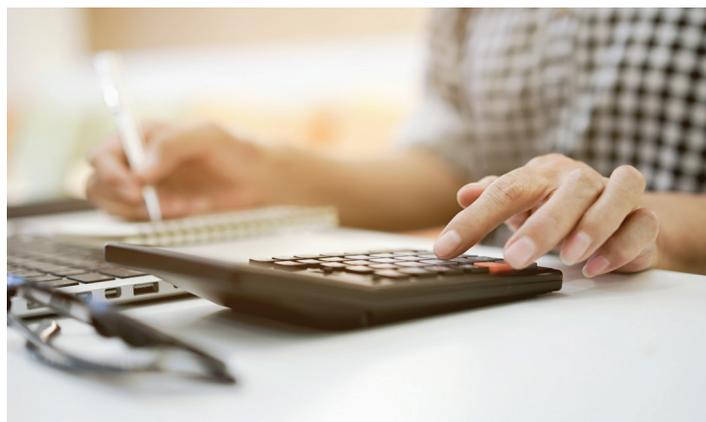
Control

Give yourself time to get over the initial shock, and then start making plans. Don't blame yourself or anyone else. One way to cut down anxiety is to assure yourself you are doing the best you can with your family resources. Just set your mind to dealing with the situation. Recognize that your life will be different for a time. But, you and your family can still manage your financial affairs rather than have them manage you.

Claim

If the decrease in your income is from unemployment, you can start by applying for unemployment benefits. If the decrease in income is from a layoff, check with your employer to see if the company provides any unemployment

compensation. Other resources that you could and should apply for are SNAP benefits (the Supplemental Nutrition Assistance Program, formerly known as food stamps) and the Temporary Assistance for Needy Families (TANF) program. If you are eligible for Medicare, check to see if you qualify for the Medicare Savings Program or extra help from Medicare to pay the costs of Medicare prescription drug coverage (Part D).



Communicate

No matter why your income is reduced, you will need to know how much money you have to work with. Be realistic. Include other family members in the discussion. Consider all of your options. Is there another earner already contributing to the family's income? Can the contribution be increased? Can a non-employed family member earn income temporarily? Can you use a hobby or skill as a source of income?

Once you know how much income will be coming in, make a list of your expected expenses. Be sure all family members participate in discussions about expenditures. Decide what the family needs next week, next month, and during the next two to three months. Delay buying items the family would like to have but are not absolute necessities.

Discuss with family members the types of expenses you have. Expenses can be "fixed" or "flexible."

Flexible expenses are those that vary in amount and/or timing. Flexible expenses are the first areas to look at when you begin cutting costs. For example, most clothing purchases can be postponed, at least for a while. Be creative

and use your imagination on how to cut expenditures and survive.

Fixed expenses are those that have a set amount and must be paid by a set date. These expenses, such as rent, mortgage payments, some utilities, installment debts, taxes, and insurance premiums, are difficult to adjust. You may be able to rearrange or renegotiate some fixed expenses by communicating with the creditor.

Confer

After communicating with family members, you will need to confer with your creditors. Be sure to read all of your credit contracts. Find out what happens if you miss a payment. Is there a grace period, a penalty for later payment, a repossession clause, or an accelerated payment clause (full amount is due immediately)? With this knowledge, contact creditors before they contact you. Whenever possible, confer with the person in charge. Creditors will be more likely to believe you and to help you if you make this contact early.

When conferring with creditors, know how much money you can count on, what your fixed and flexible expenses will be, and how long you expect your income to be reduced. Present a reasonable plan for paying your debts. Then work out an agreement with each creditor that is acceptable to both of you. You might find that you can make smaller payments for a period of time. When your income increases, go back to the regular payment schedule. Although this may increase the length and total amount of your debt, it will help ease the burden of a decreased income. Above all, don't ignore bills and past due notices.

In some instances, you may not be able to reach an agreement with all your creditors. It's usually wise to pay creditors first who:

- are likely to garnish or attach your wages,
- impose a high finance charge,
- will repossess items,
- will cut off a basic service, such as utilities, or
- are owed a large amount.

It may be tempting to get new credit cards or to take out new loans as a way to temporarily make ends meet. Before taking that step, confer with creditors.

Change

Making ends meet when your income drops often requires many changes and adjustments. Reducing expenses is a major change. Pay particular attention to transportation, food, household expenses, entertainment, recreation, and clothing.

Look for ways that you and family members can use time, energy, talents, and knowledge to reduce other expenses. Take better care of things you already have. Recycle clothing. Swap items and services with a friend or neighbor. Plant a garden or produce items normally purchased. Use community resources available to you such as SNAP, the Supplemental Nutrition Assistance Program (formerly known as food stamps), utility assistance, and health clinics. These suggestions will decrease the amount of money that must be spent on necessary items. They will not help you continue your normal style of living but they will help you through the hard times.

To make it through hard times, your family will need to make informed decisions and work together to carry out these decisions. A family commitment to the five “Cs” — control, claim, communicate, confer, and change — will help you make ends meet and handle tough financial situations better.

Reference

Schuh, W., Walker, D., and Jones, J. E. (1990, March). *Making Ends Meet: Adjusting to Financial Problems*. Manhattan, KS: Kansas State University. 1990.

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