

Create a Budget

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Losing your job can be devastating, but don't panic. This section will walk you through your monthly expenses and assist you in developing a budget and spending habits that will help you stay within your means.

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The first step you need to take is review your monthly income. Add up your Unemployment Benefit, your spouse's paycheck and any other income you may have coming in.

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Now that you know what your monthly income is, its time to list your monthly expenses. This list should include everything you spend money on, your fixed bills like mortgage/rent, utilities, insurance, and other bills like food, clothing and entertainment. For your credit cards list your current minimum monthly payment.

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Once you've added up all your expenses subtract the total from your total income. This will help you determine whether or not you have a positive or negative cash flow and establish your monthly budget.

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If you're expenses are more than your monthly income, now is the time to create a spending plan you can live with during this transition. When you create your plan look at your personal expenses, look at how much can you cut from each item every month. Subtract those new cuts from what you were spending and that will be your new spending limit. Stop using your credit cards, pay with cash. If you can't part with your credit cards, fill a plastic container with water and put all your credit cards in that container. Then put the container in the freezer. This will help you slow down your spending and cut your dependency on your credit cards.

Clipping coupons is another way to help you save money as well as shopping aggressively for the best price. (Did you know that we throw away more than \$100 a month in discount coupons?) Before you do your grocery shopping, plan a weekly menu then prepare a list of foods you'll need. Buy only the items on your list, this will help you cut down on the extra items you don't need.

Eat at Home, eat out only on special occasions. Because of our busy lifestyles, most of us eat out several times a week. In fact 14% of our total income is spent on food, with half of that going to restaurants, snack bars, coffee shops and vending machines. Eating at home will not only save you money, but if you prepare enough food for leftovers you can get more than one meal out of your dinner.

Cut back on your entertainment. As Americans we spend a lot of money on entertainment such as cable tv, movies, books, sports, hobbies, and toys just to name a few. This is one area you can cut back on until you find a new job.

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Now that you've looked at your spending habits, here are some suggestions to help you find extra money.

First, if anyone owes you money, now is the time to collect. If they don't have the ability to pay the full amount they owe you, see if they would be willing to make weekly or monthly payments until the debt is repaid.

Next take an inventory of items you have in your house. Are there things you don't use or no longer need like baby furniture, golf clubs, power tools, recreational items, etc... If so you may be able to sell these items on eBay, Craigslist, or your local paper through the classifieds.

You can also have a yard sale depending on the time of the year. If you have several small items like books, dishes, lamps, small appliances and any other items of value this is the perfect opportunity for you to clear the clutter while and make some money at the same time.

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Call your creditors before they call you. If you think that you will have trouble making your monthly payments work out a reduced payment program with your creditors. Losing your job is a real crisis beyond your control and your creditors will be more willing to work with you before you start missing payments.

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All credit counselors are not the same and its important to keep an eye out for businesses masquerading as credit counselors. There are some questions you can ask to make sure you are getting the right credit counselor. First and foremost make sure the Credit Counseling Agency is a licensed non-profit organization.

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There are several benefits to working with a licensed non-profit credit counselor. You can get your monthly payments reduced as well as your interest rates. The counseling service will consolidate all your bills into one payment and help you avoid bankruptcy. Working with a counselor will also stop harassing collection calls and offer education and support as you go through this process. Creditors also prefer working with credit counselors, because the counselors will have a track record that they trust. It also says that you are serious about taking control of your finances. To find a licensed non-profit credit counselor near you, click on one of the links on this site.