

Hope for the Best but Prepare for the Worst

These are troubling and uncertain times in the world. With the U.S. economy in shambles along with our 401(k) retirement savings, rising unemployment, and IAM workers at United Airlines in contract negotiations, many of our members worry about job security. Whether it is a station closing, layoff, strike action, or other workplace disruption, forethought and preparation can help ease the stress and strain. Even in prosperous times it's wise to prepare for a rainy day. The best way to get ready is to create an emergency fund. Start small, but over time, contributions to the fund should cover about three to six months of living expenses. However, if you do not have sufficient income to build an emergency fund, and face the possibility of a sudden loss of income, here are some tips to help you manage your expenses.

1. Take stock of all living expenses and available cash. Determine where you can borrow funds if needed. Home equity loans or borrowing from retirement accounts are two avenues available. Line up credit now to carry you through until the paycheck starts again.
2. Look for any kind of temporary employment to help make ends meet.
3. Notify your bank or whoever holds a mortgage on your property and try to work out a payment reduction plan without adversely affecting your credit.
4. If you rent, contact your landlord. If you are unable to pay the rent, ask for a postponement or grace period.
5. Notify all utilities (phone, gas, electric, water, cable, etc.) of your situation and try to work out an arrangement for reduced payments.
6. Notify all other creditors (automobile, furniture, department store, etc.) and let them know about your financial situation.
7. If income loss is due to a strike, let all of your creditors know you are on strike and ask for a moratorium on payments until the strike is settled.
8. Refill all prescriptions before the paycheck stops.
9. Call the Community Services Hotline (Dial 211) for referrals or listings of community based assistance. Also, talk with your local EAP coordinator. He or she may also have contact with local community resources that can help.

Sudden loss of income is usually a temporary situation. Consider these tips as temporary fixes until you return to full employment.