



## SURVIVING TOUGH TIMES

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### SETTING SPENDING PRIORITIES

Are you faced with a reduced income as a result of company layoffs, a particularly bad year in your family or business operation, divorce, separation, illness, or death? Regardless of the cause, you have to take charge so you can survive. In order to take charge, you will need a spending plan to help you pay your bills and to locate areas where you can make cut backs or adjustments. Adjusting your spending habits will help you maintain control of your finances, especially in circumstances where your income will be reduced for more than a month.

It's not unusual for people to try to hide financial problems from friends or family members. Not facing your problems, however, can be destructive. The worry and stress caused from financial uncertainty and lack of cash may be worse than the financial problem itself. It's important to look realistically at your situation and actively seek solutions to your problems, despite the discomfort.

Spending decisions affect the whole family, so talk with your family about the situation.

Talk about the need to change family spending. Communication helps the family share concerns and decide what alternatives are available and what actions are needed. Work together to decide spending priorities. When family members understand the choices and have a voice in making the decisions, they will be more willing to accept the decisions.

As you talk about what is important, listen to what each family member has to say. Respect each others feelings and discuss the advantages and disadvantages of every idea. Supporting each other and pulling together as a family can help you get through these hard times.

Families respond to reduced income by cutting back on their spending. Spending for nonessentials and luxuries like vacations, eating out, new clothing, and new home furnishings are eliminated or reduced first. As the period of reduced income continues, many families also reduce spending for basic needs like food, shelter, transportation, and medical care.

Some families increase their income or use more credit to manage during unemployment. Remember that borrowing or using credit to pay bills brings only temporary relief. Eventually the money must be repaid, with interest. Families who



increase their credit find that the more they borrow, the harder it is to get ahead or even get caught up.

Families who quickly make changes in their spending plans are the most satisfied with how they manage during this time of reduced income. Families who do not make changes often feel more out of control and more dissatisfied. It is important that families make spending plans that allow them to meet their basic needs and pay the bills.

### Your Spending Plan

A spending plan is an effective tool to help you get the most for your money, especially when you have a change in income. A spending plan helps you:

- # make decisions about how to spend your money
- # provide for needs before wants
- # match spending to your current income
- # prevent and resolve family arguments over money

### Step 1 - Your Income

Add up your current total family income from all sources. Include unemployment compensation as well as income from other family members if it is used for family expenses. Use the take home amount - what you actually have to spend after deductions.

Do you receive income for any of these sources?

- # Earnings from an employed family member(s)
- # Severance Pay
- # Withdrawal from savings
- # Tips or commissions



- # Interest or dividends
- # Social Security
- # Child support or alimony
- # Public assistance (food stamps, WIC, etc)
- # Veteran's benefits
- # Retirement plans

Unemployment Compensation

To apply for unemployment compensation you need to contact The Georgia Department of Labor.

Below are the numbers you can call in Georgia

Albany	229-430-2979
Athens	706-369-6081
Atlanta	404-656-6000
Augusta	706-721-2011
Brunswick	912-262-3311
Carrollton	770-830-2387
Cartersville	770-387-4093
Dalton	706-272-2193
Douglas	912-389-4435
Dublin	478-275-6890
Waycross	912-287-6690
Gainesville	770-535-6955
Griffin	770-412-4716
LaGrange	706-845-4227
Macon	478-751-4400
Milledgeville	478-445-6421
Moultrie	229-891-7140
Rome	706-295-6145
Savannah	912-353-3168
Statesboro	912-871-1200
Tifton	229-386-7300
Valdosta	229-245-3837

List your current income on the spending plan worksheet under "Adjusted Amount

### Step 2 - Your Monthly Expenses

If you tracked your spending before your income was reduced, you probably know how much you usually spend for monthly expenses. If not, use old records, canceled

checks, bills, or receipts to figure out how much you spend in the following categories.

- # Housing - mortgage or rent payments, property taxes
- # Utilities - electricity, gas, oil, phone, water, cable TV, trash pick-up
- # Food - groceries, eating out, school lunches
- # Transportation - gas, car repairs, and maintenance, parking, bus and/or taxi fares
- # Contributions - church or charities
- # Medical Care - doctor, dentist, clinic, hospital, medicine, glasses
- # Credit payments - car payments, installment loans, credit cards, charge accounts
- # Insurance - health, life, property, car, disability
- # Household maintenance - repairs, cleaning, supplies, paper supplies, towels, equipment
- # Clothing and personal care - new clothing purchases, laundry, dry cleaning, hair care, cosmetics, toiletries.
- # Education and recreation - books, magazines, newspapers, lessons, tuition, hobbies, club dues, sports, pet expenses, entertainment, vacation, alcohol, tobacco
- # Miscellaneous - child care, gifts, contributions, personal allowance, child support, postage

Remember, not all your expenses are monthly. Property taxes, insurance premiums, and holiday gifts only come once a year or twice a year. It's easy to forget these occasional expenses. To make sure you have the money for them, set some aside in your monthly spending plan to meet these occasional costs.

Think about what you spent before your income was reduced. Try to plan how much you can spend now. Ask yourself:

- # Which expenses are essential to your family's well-being?
- # Which expenses have the highest priority? Use the fact sheet "Deciding Which Bills to Pay First" to help you decide.
- # Which areas can you reduce to keep spending within your income?
- # How much can you afford to spend in each category?

Adjust the amounts you spend in each expense category and enter the new amount in the column labeled "Adjusted Amount"



### Step 3 - Balance Income and Expenses

Add up your adjusted expenses and compare the total to your current income. It may be very difficult to stay within your income. What can you do if your expenses are greater than your income?

- # Cut back on spending. See the publication in this series, "Strategies for Spending Less" for suggestions.
- # Increase your income. What are the possibilities for part-time or temporary work to help supplement your income? Use your non-dollar resources, too. See "Bartering" another publication in the series.
- # Look at other assets. What savings, investments or property do you have that could be used or sold to meet expenses? See "Making the Most of What You Have," another publication in the series. Keep in mind that borrowing and using savings may only be temporary solutions.

# Reduce your fixed expenses. If too much of your income goes to fixed expenses like housing or debt payments, there may not be enough money left to cover other living expenses. You may need to refinance loans, move to lower cost housing, or surrender property to creditors to get out from under some of your debt. See “Talking to Creditors” and “Keeping a Roof Overhead,” other publications in the series.

### **Making Your Spending Plan Work**

- # A spending plan sets amounts for essential family needs and balances spending with income. Writing it down is a good start, but you’ll have to stick to it. Use your plan to guide spending.
- # Keep track of your spending. Be careful not to exceed the spending amounts set in your plan. Keeping track of what you spend makes it easier to control your spending so you live within your income.

### **Managing on a Seasonal or Irregular Income**

If you are self-employed, seasonally employed, or receive income from tips or commissions, your family income may change a lot from month to month. In that case, it’s even more important to look ahead. Carefully, estimate your income for a whole year so you can see when and how much it changes.

While your income may change from month to month, many of your living expenses stay the same. This mismatch of income and expenses creates uncertainty, and can increase family tension or cause feelings of insecurity.

Reduce the uncertainty. Establish a monthly family living allowance. Use your spending

plan to determine what it costs your family to live each month. This is your monthly living allowance. When you receive income, deposit it into savings or a money market account so it will earn interest but still be readily available. Pay yourself your family living allowance each month. Transfer the amount into your checking account to pay your bills. Important! Avoid the temptation to overspend your allowance in the months when your income is greater.

As a family on a seasonal or irregular income, consider scheduling major expenses like insurance premiums, clothing purchases, and non-emergency medical and dental care for times of greater income.

### **Summary**

Living on a reduced income, whether temporary or prolonged, is never easy. Getting the most from your income during this time requires careful planning and wise spending decisions. A spending plan based on what your family considers to be most important can help you get the most from your available income and resources. Keeping track of your spending will help ensure that you have the money for the things your family needs most.



# SURVIVING TOUGH TIMES

*Surviving Tough Times* is a 19 part series for individuals and families experiencing under-employment and unemployment. Originally developed by Linda Boelter, University of Wisconsin Cooperative Extension Service.

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