



## **Getting laid off is an emotional as well as financial challenge.**

Pervasive in the media is how economic conditions have recovered from the Great Recession. The news is partially true. However, the majority of American households remain fiscally fragile ? Underemployed, burdened with a structural lack of wage growth and providing care, financial and otherwise, to elderly parents and adult children who are finding it difficult to pay back mounting student loan debt or having trouble starting a career. I've personally witnessed a slow & steady increase in employment layoffs since the first quarter of 2015. The phone calls, meetings. Today, I deal with a steady flow of workers taken by surprise. No severance. No pass go. Nothing. **Job loss is a nasty and occasionally, unwelcome surprise. Even through the initial shock of losing a job, it's amazing to observe the resiliency of this group. They take action immediately to protect themselves and their families. Like a defense mechanism kicks in. Survival mode.** I learn from this group. I observe how they work through the fear and move forward, how quickly they embrace personal financial safety mode. They seek to hunker down and at the same time, maintain healthy perspective. Not easy. **It was the beginning of a fiscal storm survival list I share with when it's needed.** The following steps and philosophies consistently rise to the top of the list. They're the methods employed to keep households together financially through a turbulent, stressful period.

## **Pride is not a priority.**

Fiscal storm troopers put their pride aside and apply for social benefits they've paid into, like unemployment. They're not in favor of charity however they take solace in the fact that assistance is temporary. Several took advantage of SNAP food benefits. Each state has a centralized website that makes it easy to apply online for assistance. **You'll be asked to pick the types of benefits and services required. Every state provides a table of maximum monthly income limits for SNAP. For example, in the state of Texas for a family of three, the monthly income allowed is \$2,763 and monthly snap amount is \$511.** Surprisingly, state departments are flexible when it comes to approvals. I've had several parties ?negotiate? benefits when their incomes exceeded limits. If that's your situation file for benefits online, monitor the status of your case (available when you log in), and follow up with a phone call to a representative to discuss your situation. You may apply for unemployment benefits through your state's workforce commission website. To be eligible for relief you'll need to provide information on past wages (the basis of potential benefit amounts), the base period which is usually the first four of the last five completed calendar quarters before the effective date of the initial claim (don't worry ? state websites outline how to figure your base period), and type of job separation. Layoffs or reduced hours of work, usually not a sign of job performance, are requirements for benefits.

## **Go small. Real quick.**

There's a thorough review or formalization of a budget within hours of a lay off. Every cash stone is unturned. Each expenditure, no matter how small, is scrutinized. Perceived through crisis lens. Unnecessary expenses are immediately and unemotionally on the chopping block. **It's interesting how the definition of ?unnecessary? broadens due a job loss. I've created a core and satellite budget strategy specifically for this crowd. Satellite budget categories are those**

**which circle the core of expenses like rent and electricity.** Satellite expenses form rings around necessary household cash outflows. The spend rings farthest from this center are cut immediately. Expenses like premium media channels, shutting down discretionary splurges like restaurants, are easy and cut effortlessly. The closer a move toward the center the greater the challenge to reduce spending. Several found ways to creatively re-define core expenses. For example, cell phone service, once considered a fixed expense (I can't live without my smartphone!), had been cast out to a satellite. How? By replacing phone contracts with prepaid phones or pay as you go plans and monitoring usage on a regular basis. **Fiscal-storm survivors take on a "hunker-down" mentality. They interpret core and satellite expenses through a different prism than the rest of us? a layoff light.** Those who remain out of work for six months are open to reconsider core expenses. I won't deny it takes a special spirit to reduce fixed expenses like mortgages or rent. However, it can be done successfully. People away from the workforce six to twelve months are receptive to sell large houses and move to smaller shelter, including apartments. I've recommended that those displaced for a year or longer to pick up and relocate to less-expensive cities and states. In some cases, families moved in with elderly parents or had parents live with them to share expenses and preserve or bolster cash flow. I counsel a former energy professional who went into full-gear survival mode. He sold boats, cars, furniture. He then built a small garage apartment (himself) at the rear of his home and is now renting his former primary residence, thus reducing his monthly expenses by 75%.

*Why am I going to throw my resume on a stack of 700 others to be ignored? I'm going to hunker down. Control what I can. Wait it out. Go small. Once oil prices improve, then I'll make my move.*

And that leads to?

### **The purge. Job-loss style.**

It's difficult to comprehend how much "stuff" is accumulated over time until it's pulled from darkness of closets and garages then prioritized for possible liquidation. Ironically, this endeavor grew to be very popular regardless of how long unemployment lasted. There is a sense of empowerment in the purge of rarely-used material goods and the reduction of clutter. It grew to be a healthy habit and in some cases, a stress reducer. The cash filled necessary gaps, especially for day-to-day expenses like groceries or school activities for the kids. The cash was also good for occasional, inexpensive luxuries like family pizza or movie nights. **The purge mentality continues. Even after jobs are long found, a conscious effort to minimize unnecessary purchases remains. More items are discovered for potential sale. Impulse spending is all but dead.** Ostensibly, the perception of spending is reshaped. For the best. Forever. Those affected by job loss are different. **They've experienced and lived lessons we'd rather avoid.** Unfortunately, company-cost reductions will remain an ongoing effort. Perhaps all of us should prepare for a financial setback. If it never hits, all the better. Regardless, the effort to withstand the ill wind of a fiscal storm is never wasted. Just ask this group. And you'll see.

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