

Consumer and Family Sciences

Department of Consumer Sciences & Retailing



When Your Income Drops: Fact Sheet 1

Don't Panic — Take Control

Many circumstances can lead to an abrupt reduction in income: a factory layoff or cutback, loss of a job, reduced farm income, or loss of a second income from a spouse. Just the threat of any of these situations is a serious blow to individuals and families struggling to survive economically in difficult times.

The publications in this series were adapted by Purdue Extension specialists based on subject matter from a publication by Carol S. Kramer, Extension specialist, consumer economics, Kansas State University, Manhattan, Kansas.

If economic misfortune strikes you or your family in the form of reduced income, is there anything you can do to minimize the hardship? Yes! This set of Purdue Extension fact sheets suggests a number of steps you can take to maintain financial control. The titles of these fact sheets correspond to the steps you can take:

- 1) Don't Panic – Take Control (CFS-704-1-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-1-W.pdf
- 2) Control Stress (CFS-704-2-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-2-W.pdf
- 3) Take Stock of Family Resources (CFS-704-3-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-3-W.pdf
- 4) Take Stock of Community Resources (CFS-704-4-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-4-W.pdf
- 5) Set Priorities for Spending (CFS-704-5-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-5-W.pdf

- 6) Plan to Pay Creditors and Protect Family Welfare (CFS-704-6-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-6-W.pdf
- 7) Keep a Roof Overhead (CFS-704-7-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-7-W.pdf
- 8) Meeting Insurance Needs (CFS-704-8-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-8-W.pdf
- 9) Sharpen Your Survival Skills (CFS-704-9-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-9-W.pdf

Abrupt loss of income, whatever the reason, is traumatic. Often the financial setback was not anticipated. When it happens, a common instinct is to panic. Although natural, the temptation to tailspin must be avoided as much as possible. Remember the following facts:

- 1) Loss of income affects many people for many different reasons. It may be caused by loss of a job, a recession in the economy, an illness or death, poor commodity prices, or a divorce. It doesn't help to blame yourself. Chances are it wasn't your

fault. In any event, self-blame wastes energy, and the energy you spend blaming yourself could be better spent dealing with your situation.

2) Feeling the effects of stress is very human and very natural. That doesn't make it pleasant. Keep stress at controllable levels by recognizing the signs and taking steps to reduce stress. Developing and following a plan will reduce stress and help you maintain control of your financial position. Fact sheet 2, [Control Stress](#), describes what stress is, why you are feeling it, and how to take steps to keep stress at productive levels.

One important way to cut down anxiety is to assure yourself you are doing the best you can with the resources you have. Fact sheet 3, [Take Stock of Family Resources](#), will help you take stock of what you own and what you owe. Fact sheet 4, [Take Stock of Community Resources](#), provides a partial listing of important community resources designed to help you and others in times of economic or personal distress. Sometimes people are reluctant to ask about "government programs" in times of trouble. However, these are ways in which you and I, the community, have tried to protect our mutual welfare with programs to assist in times of trouble.

After you know the resources you have and are likely to have, talk with your family about how you and they use money. Designing a family spending plan accomplishes two things. It sets your family up for success by thinking positively. It also helps you to survive financially and emotionally until future goals are decided. Fact sheet 5, [Set Priorities for Spending](#), outlines steps in putting together and implementing a spending plan.

One of the most stressful outcomes of a loss in income is the worry that creditors are all around, impatiently waiting for you to pay overdue bills. In this situation, avoidance is not the answer. It is extremely important for you to be realistic about your financial situation and meet it with a plan. Fears caused by uncertainty and avoidance are always worse than facing the facts and following a plan to take control. Fact sheet 6, [Plan to Pay Creditors and Protect Family Welfare](#), gives some ideas for working with creditors to meet your outstanding obligations.

Keeping a roof overhead, the utilities hooked up, and essential insurance are top priorities when income drops. Fact sheets 7 and 8, [Keep a Roof Overhead](#), and [Meeting Insurance Needs](#), discuss these concerns.

The last fact sheet in the series, [Sharpen Your Survival Skills](#), helps you adopt economic survival skills for a loss of income with ideas for substituting, conserving, using your human resources, cooperating, and using community resources. You can apply these principles to buying food, running your household, purchasing clothing, choosing transportation, and acquiring the other things your family needs.

Reference

Crawford, C., & Smith, L.E. (1994). Getting through tough times: Making the most of what you have. Illinois Cooperative Extension, Urbana-Champaign.