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Marc A. Hebert's 'Money \$ense': Financial survival in a volatile job market

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GIVEN the economic upheaval caused by COVID-19, you may have lost your job already or it's something you're concerned about.

Either way, the keys to surviving a job loss financially are to plan ahead, review your income and cut your expenses. Now is the time to prepare. Here are a few suggestions to help you do so:

Review your budget. A budget will give you a picture of your finances today and clues to areas where expenses could be cut tomorrow. This will give you a picture of your survival budget – the bare-bones version of your regular budget. It should include only expenses that are absolutely necessary.

Establish an emergency reserve. Your budget can help you in this area as well, especially if you are still employed and have time to prepare. Knowing how much you spend every month will give you an idea of how much of an emergency reserve you need.

Depending on your lifestyle and compensation method (whether salary or commission-based), planners usually suggest at least three to six months of expenses set aside in a readily accessible, conservative type of account.

Take control of your debt. Now is the time to review your credit card and other debt balances. Make a plan to get out of debt. Can debt be consolidated at a lower rate? Can your student loans be put on forbearance? Will the credit card companies work with you on a payment plan? Does your mortgage qualify for refinancing programs?

At some point, you may have to communicate to your creditors that you are facing financial difficulties. If your credit is good, now is the time to make these calls — not when you fall behind on your payments. It might also be a good idea to check if you have credit insurance, which could make your bill payments while you are unemployed. There could be a waiting period before the payments start — this is when having that emergency reserve is helpful.

Consider part-time employment and other income sources. A part-time or temporary job could provide extra income while you are still working or some money while job hunting.

You might consider alternative income sources, such as from renting a room, that you never would have considered during good times.

Multiple income sources are a good idea, and you might be surprised at how creative you can be at finding some opportunities.

Determine unemployment benefits. Call your state unemployment office and get an estimate of your benefits if you are out of work.

This will give you some idea of the amount of money you will have to support you and whether it is enough for your budget.

Research health care costs. Determine if your company provides Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage and the cost.

If COBRA is not available, research the costs of an alternative health insurance plan. Once again, this cost can be reviewed against your budget to see how it fits in.

Prepare a severance package. If given the opportunity, be prepared to negotiate a severance package and, if you do succeed in obtaining one, use the money wisely.

Talk with your spouse. If your household includes two earners, it might be time to see if you could live on just one income and save the other.

If one spouse currently stays at home, is he or she willing to find employment during the hard times?

These are certainly unprecedented economic times. Hopefully, the above suggestions can help you start preparing for the financial implications of a potential job loss.

Although a job loss is emotionally and financially difficult, you can persevere if you have a financial strategy in place.

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