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Don't Panic Take Control

Carol S. Kramer

Dixie Porter Johnson

Susan Kielin

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When Your Income Drops

Many circumstances can lead to abrupt reduction in income: factory layoffs or threatened cutbacks, the loss of a job, reduced farm income, loss of support from a spouse—the threat or actuality of any of these situations is a serious blow to individuals and families struggling to survive economically in difficult times.

If economic misfortune strikes you or your family in the form of reduced income, there are a number of steps you can take to minimize the hardship. This set of fact sheets suggests a “game plan” for maintaining family financial control. The steps in the game plan are:

1. Don’t panic—take control.
2. Take stock of family resources.
3. Take stock of community resources.
4. Set priorities for spending.
5. Plan to pay creditors and protect family welfare.
6. Keep a roof overhead.
7. Control stress.
8. Sharpen survival skills.

Abrupt loss of income—whatever the reason—can exert enormous stress on breadwinners and their families. Often the financial setback was not anticipated.

When income drops or stops altogether, a common impulse is 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 reasons. It can be caused by loss of a job, a recession, a death, poor commodity prices, or a divorce. Don’t blame yourself. Chances are it wasn’t your fault. In any event, self-blame wastes too much energy, and this is not a time for wasting your most valuable resource.

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 positive steps to reduce stress.

Following the steps outlined in the “game plan” will help you learn more about your family financial situation.

One important way to cut down anxiety is to assure yourself you are doing the best you can with your family’s resources. The following materials will help you take stock of what you own and what you owe. You are also encouraged to learn about 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. Section 3 provides a partial listing of important community resources.

After you know the resources you have and are likely to have, it is important to use them in the best way possible. Designing a family spending plan can help you agree on family spending priorities and put them into practice. Part 4 outlines steps in putting together 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 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. When you think about it, some bills are more important than others. Putting them in a stack and paying until the money runs out probably is not the best strategy for
protecting your family’s welfare. Part 5 suggests some guidelines for ranking bills as well as ideas for talking with creditors.

Keeping a roof overhead, the utilities hooked up, and essential insurance is a top priority when income drops. Part 6 discusses these concerns.

Part 7 describes what stress is, why you are feeling it and how to take steps to keep stress at productive levels.

The last in the series, part 8, helps you sharpen economic survival skills for a recession with ideas for substituting, conserving, using your resources, cooperating, and using community resources. You can apply these principles to buying food, running your household, purchasing clothing, choosing transportation and the other things your family needs.

Finally, when your income stops you are naturally concerned about finding a new job. Sample Resume Outline (X-701) and Merchandising Your Job Talents (X-172), two publications to help you in searching for a new job, can be ordered from the Indiana Employment Security Division, 10 North Senate, Indianapolis IN 46204. Send your letter to the attention of the Public Relations Department.

The series, When Your Income Drops, is available from county Extension offices in Indiana.

Suggested Resources


Basic subject matter taken from a publication written by Carol S. Kramer, Extension Specialist, Consumer Economics, Manhattan, Kansas. (L-641). Adapted by Dixie Porter Johnson, Extension Specialist, Consumer Economics and Susan Kielin, Graduate Student, Purdue University, West Lafayette, Indiana.