When Your Income Drops: Don’t Panic – Take Control

Many circumstances can lead to an abrupt reduction in income – loss of a job, layoff or cutback on hours or reduced farm income, to name a few. Sudden loss of income, whatever the reason, can be a traumatic experience that leaves you wondering how you can make ends meet. When it happens, a common instinct is to panic. While this may be the natural response, we must work to take control of the situation before things get out of hand. You might ask yourself if there is anything you can do to minimize the hardship. The answer to that question is YES!

Don’t panic, take control. Give yourself time to get over the initial shock and then start making plans. Do not blame yourself or anyone else. Cut down on anxiety by assuring yourself you are doing the best you can with your family resources, and recognize that your life will be different for a time.

Control stress. Feeling the effects of stress is very natural, but that doesn’t make it pleasant. Identify what triggers your stress and take steps to reduce it. Developing and following a plan can reduce stress and help you maintain control of your situation.

Take stock of family resources. One important way to cut down on anxiety is to assure yourself you are doing the best you can with the resources you have. That includes knowing what you own and what you owe. It also includes checking into community resources that are available to individuals in times of economic distress – such as food pantries or utility assistance. It is OK to ask for help.

Set priorities for spending. 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.

Plan to pay creditors. 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 issue. Be realistic about your financial situation. Contact your creditors and see what programs may be offered to help you get through this difficult time. Taking that first step could make all the difference.

Keep a roof over your head and meet insurance needs. Keeping a roof over head, the utilities hooked up and essential insurance are top priorities when income drops.
Sharpen your survival skills. Finally, adopt economic survival skills for a loss of income with ideas for substituting, conserving, cooperating and using community resources. You can apply these principles to buying food, choosing transportation, and acquiring the other things your family needs.

Coping with the stress and hardships of a reduced income is not easy. Easy answers and quick cures are not available. To make it through the hard times, your family will need to make informed decisions and work together as a team to carry out these decisions.

Source: “When Your Income Drops” series. D. Elizabeth Kiss, Ph.D., Associate Professor and Extension Specialist, School of Family Studies and Human Services, K-State Research & Extension. For more information about family resource management or adult development and aging, contact the Marais des Cygnes Extension District Paola (913-294-4306) or Mound City (913-795-2829) offices, or write to kgoul@ksu.edu or check out our website: www.maraisdescygnes.k-state.edu.