

Facing Reduced Income... Now What?

If you are facing reduced income, take steps *immediately* to bring your spending in line with a reduced level of income. Many people wait several months before adjusting their spending. This can mean the difference between surviving the tough times successfully – or dealing with financial disaster later on. Here are some points to consider during this difficult time:

- Pay for your mortgage, housing costs and food first.
- Pay your utilities – and reduce or cancel any services that you don't need right now. Watch package “deals” and contracts that renew automatically.
- If you're facing a complete loss of your income, e.g. a layoff, decide if you have any assets that you can sell to pay down debt.
- Consider ways to increase your income: temp work, taking in a boarder, renting the garage, working part-time from home, babysitting or delivering newspapers.
- If you owe money to your financial institution (loan, credit cards) and fall behind on the payments, your bank or credit union can use any funds that you have in your accounts to pay down these debts without notifying you. It might be a good idea, when money is tight, to open a new account at a financial institution where you do not owe any money.
- If you are not able to pay your debts, your credit rating will be affected. However, your credit rating will start to recover after you return to work and you are able to make your payments again. In the mean time, take care of the essentials first.
- Communicate your current situation to your creditors. They are often better able to assist you *before* you fall behind on your payments. This includes student loan debts. Visit our web site, www.nomoredebts.org, for the informational guide, “How to Communicate Effectively with Your Creditors.”
- Community assistance is available to those who need it. Don't be afraid to ask for help at the food bank or at your place of worship if you are struggling to make ends meet. Follow through with EI applications and any other help you may qualify for. Don't be afraid to accept assistance that will help you get through the tough times.
- It is absolutely crucial to revise your budget so that your spending is in line with your current income. Only use cash and only buy essential items during this time. This is not a time to rely on credit and get into debt. A family plan might even be needed for everyone's cooperation and participation. Focus on solutions, not blame, when the going gets tough.



Contact us to speak with a Counsellor about your situation or chat online on our web site. We will provide you with free, confidential guidance and budgeting assistance to help you during this difficult time.