

# Beating A Financial Hardship

## When A Financial Hardship Hits

Whether we experience a personal financial hardship, we lose our job, our living circumstances take a beating, or the national economy dips, there are things we can do to help manage our financial obligations and improve our financial security.

Consider the following measures to improve financial security and recover from unexpected changes in income or expenses:

## Pay Off High Interest Loans and Credit Card Debt

Start with the debt with the lowest balance and the highest interest rate first and alternate with smaller bills that you can payoff quickly. Paying off the highest interest rate first will save you the most money in the long run. It can be discouraging, so alternating between the larger and smaller bills will help you feel like you are getting somewhere. The key is to aggressively reduce these debts and stick to your plan.

## Track Spending & Create A Budget

You know how much you bring in, but do you know where it all goes? One of the first steps in creating your budget is to track your spending. Gather all of your receipts for the month and separate them into three categories: fixed expenses, variable expenses, and non-essential (discretionary) expenses. You may be surprised at how much you are spending on variable expenses and unnecessary items. Use this information to free up some of your money so you can easily add to your emergency fund (see below).

## Take Steps To Reduce Variable Expenses

Variable expenses like utility bills, clothing, and groceries, are some of the easiest to cut back. Call your phone company and negotiate a better rate, use coupons for groceries, buy in bulk, and shop for clothing at discount stores. Decide what is necessary and what is nice to have. Do you need one pair of shoes, or two? Do you need unlimited data on your phone, or will 1GB suffice?



## Build An Emergency Fund

An emergency fund is money you save for unexpected expenses and should not be used to buy luxury items, vacations, or anything else, unless it is an emergency. How much you should save depends on your own situation, but it is recommended to save at least 6-9 months worth of your salary. Ideally, when you reduce your expenses and pay off debt, you will continue adding to your emergency fund using the money you are not using to pay off debt or spending on discretionary items. Continuously adding to your emergency fund is a good idea even if you are not experiencing a financial hardship at the time.

## Be Optimistic

Being mentally prepared is as important as being financially prepared. Remember that financial ups and downs are a part of life and everyone experiences changes in financial position now and then. You will get through it. Knowing the possibilities, planning ahead, and preparing yourself for the unanticipated financial challenges will help you feel more secure with less stress and worry.

## How The EAP Can Help

Your EAP offers financial consultation and coaching around debt management, budgeting and savings. The financial stress hotline can offer referrals to community resources in your area, and coaches are available to help you sort through your particular financial situation and help you develop a plan that makes sense for your situation and improve your financial well-being.

## 5 Ways to Save on Groceries

- Plan your meals ahead of time
- Make a list and stick to it
- Buy store brands or generics
- Stock up when it's on sale
- Take your lunch to work
- Skip expensive coffee house drinks in favor of home brewed cup-o-joe