

Managing Between Jobs

© 2008 liveandworkwell.com. All rights reserved.

The rumors are floating around the office in hushed whispers behind cubicle walls. The news is out—the company is being downsized and anyone could be a target. When a pink slip falls on your desk, it can be a blow to your ego and affect your financial outlook.

If an economic shift or new wave of corporate downsizing lands you at home, here are some tips to help you land on your feet—financially and emotionally. There are four keys to managing between jobs: accepting your feelings, setting spending priorities, addressing housing concerns, and talking with creditors.

Accepting Your Feelings

For several years you have given your employer your best, and now you are on the outside looking in. Losing a job can separate you from familiar schedules, financial stability, rewarding productivity, friends, and coworkers. People deal with unemployment in many different ways, including anger, worry, anxiety, outrage, doom, frustration, and self-doubt. Recognizing these feelings, understanding why you have them, and learning to cope successfully are crucial to moving on. Refusing to accept your feelings can lead to physical and mental health problems, such as depression, anxiety, and fatigue—not to mention making your job search that much more difficult.

One of the first feelings people experience when losing a job is anger. Anger is a powerful emotion, and if left unchecked, it can escalate into emotional outbursts or be unleashed on family members. See it is a time bomb that must be diffused. Those who have lost their jobs can feel unappreciated, exploited, worthless, manipulated, or humiliated. These can all lead to anger. Once you look at the reasons for your feelings of anger, you can start to overcome them.

There are many ways to get rid of anger. Pinpointing exactly what is making you angry can be a good first step to making positive changes. If your anger is not reasonable, then think about why you are angry and try to look at the situation objectively. Talking about your feelings with others, such as a family member or friends, is another way to diffuse rage. Exercise and relaxation techniques are additional ways to deal with anger. Some relaxation techniques include yoga, tai chi, qigong, deep breathing, meditation, and progressive muscle relaxation.

The loss of a job can affect anyone's self-esteem. Not surprisingly, workforce counselors rate self-esteem as one of the key ingredients for those seeking new jobs, so dealing with self-doubt is critical. Having positive feelings about yourself is easier when things go well. When things take a turn for the worse, you often lose some of your self-confidence and begin to doubt your skills and abilities.

There are several steps that may assist as you try to cope with feelings of anger and self-doubt. Recognizing feelings you are experiencing and looking realistically at your situation are important parts of the healing process. Talking with family and friends can also help soothe your feelings of anger and inadequacy. One thing to keep in mind is that feelings stemming from the loss of a job are powerful, and can be difficult

to deal with alone. Talking to a trained professional can help, and should be considered.

People derive a strong sense of self-identity from work, and without a job, you can slip into despair. Job loss can make you feel detached from community. This is a natural reaction to a job loss; the key is to find a way to overcome these feelings so you can deal with the other issues at hand. Once you've overcome the initial shock and anger, addressing your finances is another big part of dealing with the loss of a job.

Set Spending Priorities

Financial planners generally advise to have at least six months of income in reserve. Although this is wise, not everyone has prepared to this extent financial. When the bills start rolling in and the paychecks have ceased to arrive, several adjustments can be made to help you cope with the situation.

Itemize your income -

Add up every penny coming into your budget from all sources. Don't forget to tally what you actually have available. Include unemployment compensation as well as income from other sources. Subtract your current income from your previous income.

Examine expenses -

List all of your expenditures. If you do not know everything you spend money on, check old records, canceled checks, bills and receipts to figure out how much you spend and then itemize the list. Make sure to include housing, utilities, food, transportation, medical care, credit payments, insurance, household operations and maintenance, clothing and personal care, education, recreation and miscellaneous. Keep in mind that there are expenses, such as property taxes, insurance premiums and holiday gifts, which are not monthly.

The next step is to list several important aspects of your budget to prioritize your expenditures. List the essential expenses for your family's well being, expenses that are not essential but important, and non-essential expenses. Evaluating your expenses will help you identify the areas of your budget where reducing or eliminating spending may be possible.

The balancing act -

Now comes the hard part—balancing your income and expenses. Looking at your reduced expenses and income, try to figure out which areas you need to cut back. In addition to cutting spending, you can also take a part-time job, refinance loans or liquidate assets. Consider selling your home, car or other assets. Be aware that tapping savings and borrowing are temporary solutions.

Studies have found that families which respond to a reduced income by cutting back on their spending for nonessentials, instead of borrowing money, were happier than those who borrowed and used other credit to temporarily make ends meet. Living on a reduced budget is difficult, but following these steps can help you get back on track.

Housing Concerns

When prioritizing your needs, there is no doubt that housing will be near the top of the list. What makes this difficult is that many times housing expenses account for a significant portion of your income. Whether you pay rent or pay a mortgage, there are things to keep in mind when your bills are more than your income.

Rental realization -

If you live in a rental unit, don't avoid your landlord. Tell him/her about your financial situation before the rent is due. Ask for a postponement or reduction in rent payments for a few months until you can find other work. Also keep in mind that some landlords will reduce rent if you offer to do odd jobs around your rental property. Usually it costs property management companies to have a new tenant move into an apartment, so often they will work with you until you land back on your feet.

Monster mortgage -

A substantial mortgage payment can stretch any budget feeling the effects of a job loss. If the term for which you are unemployed is extended, there are some things you can do to prevent the loss of your home. It is critical that you contact your lender if you are unable to make a mortgage payment. Just missing the payment, without communicating why, can cause your lender to default on your contract and begin foreclosure on your home.

Communication is the key. Talking with your lender before the payment is due can net temporarily reduced payments or even an agreement to postpone a few payments. Make sure that when you meet with your lender to communicate your dilemma, show them you have a plan and are prepared to take the steps necessary to make this work.

There are other options to soothe the budgetary pain of a large mortgage payment. They include: taking in a renter; temporarily renting your house to someone else and renting less costly housing; selling the present house and renting or moving in with relatives or friends, or deeding the house back to the lender. Tightening your budgetary belt doesn't mean you have to lose your home. During hard times your home is an asset in your efforts to get back on your feet. Focus on the value the house holds and on what you can do to protect the investment you've made in it.

Talking with Creditors

Things just don't add up. Your cable television, cellular phone, and voice mail service have been cancelled, you have moved from your dream home to an apartment, and still there is more money going out than coming in. Talking with creditors before accounts become overdue can be one of the most important steps to saving your credit rating.

Your credit history will play a large role in how understanding your creditors will be. If you have excellent credit and were rarely late with payments, creditors will be more willing to allow you to delay or reduce payments. Creditors are in the business of lending money and providing service. They want their money back. There are things you can do to reduce stress in a time when your life is in financial turmoil.

Contacting creditors -

Contact your creditors before they contact you. Consider using a credit counseling organization. Most important, however, is to make sure you explain the situation you are in and discuss your future income prospects to creditors. Most creditors would prefer to receive lower payments than to begin the collection process, which can be very costly. Be prepared to explain why you are falling behind, your current income and prospects, other obligations and your plan for catching up after you find another job.

Payment options -

Remember that creditors are willing to negotiate if you show them you have a plan. Keep in mind that you can make several types of arrangements. Reducing monthly payments, refinancing loans, deferring a payment for a short time period and temporarily paying interest alone are just a few of the options you can consider.

Avoid the head in the sand approach. Ignoring creditors offers a short-term fix at the expense of serious long-term financial, personal credit, and even legal turmoil.

Conclusion

An unforeseen time of career transition can be difficult, both emotionally and financially. But many individuals have successfully managed between jobs, and learned many positive things in the process. It's how we pick ourselves up, dust ourselves off and continue on that's important.