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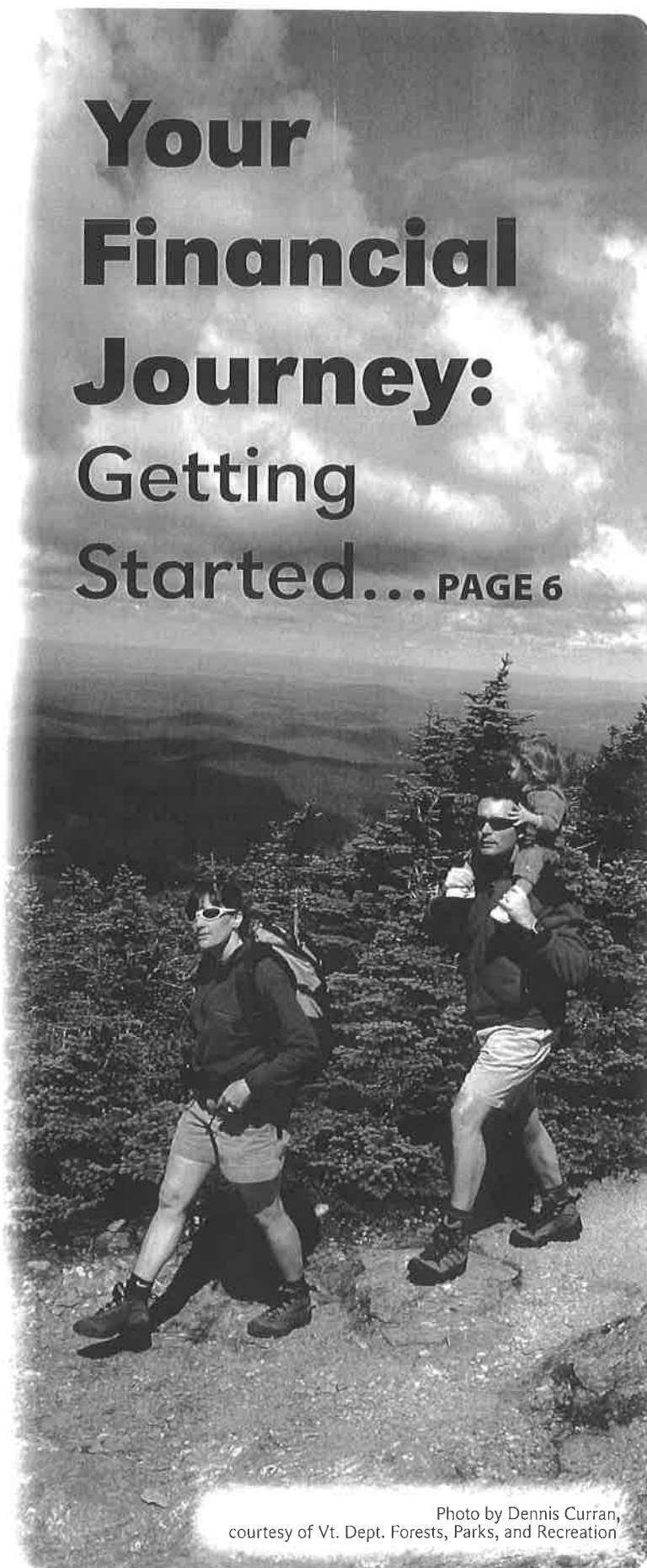


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Money & Relationships} Christine Moriarty

The New Normal: Changing Income, Changing Lifestyles During Job Loss

Sharon, a woman whose husband, Sam, lost his job, was amazed at what the family was learning after shifting their lifestyle. She especially saw the benefit to her 7- and 9-year-old boys. “They learned the word ‘no,’” she said. “Before we loved to spoil them and open up opportunities to do what they showed an interest in. Now we cannot always afford the latest gadget or activity.”

Sharon feels that she and Sam benefited as a couple by creating new options together and instilling boundaries that were not there before for them and their children.

Not every family can appreciate what a life-altering event like a job loss can do to improve their family life. And no family makes the shift to job loss lessons right away. However, every family can realize that the best approach in this tenuous world is having a plan to steady the ship if there is a shift in their family finances.

Before downsizing happens — be prepared

BUILD SAVINGS FOR TIMES AHEAD

A cash reserve safely in the bank gives you breathing room to continue on in good times and bad. Though you may find it tough to save for something that may happen rather than enjoy the process of savings, using a balanced approach to save little by little makes the

world of difference to your quality of life in the long run. And in the short run, there is a sense of satisfaction you are doing something good for yourself and your family.

ACT ‘AS IF’

One couple, Julie and John, have similar salaries. They made a conscious decision to live off her salary only. To some, this may seem extreme, but in the course of financial planning and career growth, this has given the couple lots of options. They have weathered a career change and two downsizings without major changes to lifestyle because they were already living below their incomes.

As part of their financial structure, his salary, after taxes and the company retirement plan contribution, are earmarked for savings and big expenses. They call this their discretionary money and put it away for things that are not their necessities of daily living. This money goes to savings in college plans for their two children. They add to a vacation fund for trips. And they save for home improvements and larger purchases with his salary. Because this money is not going toward the mortgage or daily needs, they know they can live without this money when their income fluctuates temporarily. This has given them flexibility when inevitable career struggles or problems arise.

Don't forgo:

- Family time in new places
- Talking with your mate about fears, finances and fun
- Medical checkups and treatments
- Car safety repairs
- Home maintenance

Do forgo:

- New clothes
- New sporting equipment
- Refinancing your mortgage
- Buying a new car
- Expensive plans

In the midst – take ‘centsable’ action

PRIORITIZE RELATIONSHIPS

No doubt your spouse or partner is severely affected by your job loss. This is not just a male provider issue. Whether a part-time or fulltime income from either spouse is lost, there is an upset to your established equilibrium as a couple. Changes are stressful. Self esteem and lifestyle are wrapped up in our careers.

Times of stress exacerbate problems already evident in a relationship. In a study led by sociologist Liana Sayer of Ohio State, the research supports that job loss does not necessarily lead to divorce. Marital satisfaction is made up of many complex factors. In addition, the longer a couple has been married, the less likely job loss will lead to relationship dissolution. So the more storms that are weathered together, the more coping skills for getting through the next rough patch.

In a Reader’s Digest’s Marriage in America Survey, 47 percent of respondents said that a layoff or job loss was a major challenge in their relationships; about half described the experience as negative. One way to combat this stress is communication, combined with some fun activities so you both can relax temporarily.

DON’T WORRY ABOUT THE KIDS, BUT INCLUDE THEM

Parents often try to gloss over what has happened so that the children do not feel the weight on their shoulders of the family’s financial change. This adds more stress for the parents who are already overwhelmed, and the children take notice. Instead, as parents, it is best to provide for children by teaching them the ups and downs of life.

Explain how things are going to be different in an age-appropriate way to your child. Emphasize the family approach to support each other through this temporary change. They need to know the adults are okay and are taking care of them via tangible messages such as “We will be able to eat and keep our house, but need to cut back on sports and trips.”

STEP OUTSIDE THE HOME AND THE JOB SEARCH

Getting out of the home is important for the person who has not only lost his job but his self definition. Volunteer or part-time work helps to stave off the constant feeling of “the victim” struggling to find a job. Using skills in a positive way assures him he will have the stamina throughout his job search.

Living through this time of decreased income is stressful. Stress flares up and problems blow out of proportion.



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your sail so you weather the
storm together..."**

Acknowledge it. And do not be afraid to seek outside therapeutic help. Paying for outside help may seem counterintuitive, but at times like these, your spouse or partner cannot be the sole source of emotional support. The family may need to hear from someone objective, whether it through career counseling, therapy or a trusted source who has been through this himself.

REVIEW YOUR FINANCES REGULARLY

The lens of financial constraint should not become so narrow that you lose sight of what could become bigger issues down the road. Taxes, upkeep on property and health issues will always need attention. Work with your provider and service people to create a payment plan or forgo payment until you are employed.

As you review spending, remember if you are collecting unemployment benefits, taxes are still a part of life. You will owe taxes on April 15 for this type of income. Create a plan to have money for the IRS through savings, or adjust your tax deductions in your new job.

Do not exclude entertainment and relaxation from your spending, just rework the amount and how you spend money. Substituting a day trip to the beach or a state park with a picnic instead of an amusement park creates family time together at low cost. Make it a family challenge to find free events and see what new places you can explore.

We sometimes get so caught up in what we were planning to do that we lose sight of the temporary impact on our finances. However, during the time you have less income to support a loan to refinance your home or the purchase of a new car, restaurants, parties and travel may have to be rearranged to a less expensive venue or delayed. Do not worry about letting others down.

Your goal is to work as a team to tighten your sail so you weather the storm together as smoothly as possible. ■

Christine Moriarty is a Certified Financial Planner and graduate of the University of Vermont and Babson College with a Masters Degree in Business Administration in Entrepreneurship. She is a financial speaker and has taught financial management at a variety of universities. She lives in Vermont.