Slide 1

When Your Income Drops

Anna Schremmer
Phillips-Rooks Extension District

https://www.k-state.edu/family-finances

Slide 2

What are some things that cause your income to drop?

Slide 3

5 “Cs”

1. Control
2. Claim
3. Communicate
4. Confer
5. Change
Don’t Panic Take Control

What are some things you can control?

Control

• Don’t panic
• Don’t waste energy blaming yourself or others
• Take control of your actions

Take stock of family resources and create a plan to:

• Feed your family.
• Keep a roof overhead and utilities hooked up.
• Maintain health, homeowner’s, and auto insurance.
• Access community and other resources that you qualify for.
Slide 7

Claim

More Resources Found:
Community and Family Resources - MF3500

When Your Income Drops: Community and Family Resources

https://www.k-state.edu/family-finances/whenyourincomedrops.html

K-State Research and Extension Family Resource Management

https://www.k-state.edu/family-finances

When Your Income Drops

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Slide 8

Communicate

Consider All of Your Options
for increasing income

1. Is there another earner already contributing to the family's income?
2. Can the contribution be increased?
3. Can a non-employed family member earn income temporarily?
4. Can you use a hobby or skill as a source of income?

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When Your Income Drops

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Slide 9

Communicate

Consider All of Your Options
for controlling expenses

Family members participate in discussions
• Needs
• wants
• savings
• gifts

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When Your Income Drops

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Communicate
Consider All of Your Options
For controlling expenses
Family members participate in discussions
• Needs
• Fixed (such as rent, mortgage payments, some utilities, transportation, taxes, and insurance payments)
• Flexible

When Your Income Drops

Confer
Confer with Creditors
Don’t ignore the problem
1. Read all of your credit contracts
2. Find out what happens if you miss a payment
   a. Do you have a grace period?
   b. A penalty for late payment?
   c. A repossession clause?
   d. An accelerated payment clause?
3. Contact creditors early, don’t wait.
Slide 13

Confer
When you talk to Creditors:

Know
1. how much money you can pay them
2. your fixed and flexible expenses
3. timeline of income reduction
4. a plan for paying your debts
5. increase payments when income returns to normal

Don’t ignore bills and past due notices

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When Your Income Drops

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Slide 14

Confer

Who should you pay first?
Those who:
• are likely to garnish or attach your wages
• impose a high finance charge
• will repossess items
• will cut off a basic service such as utilities
• are owed a large amount.

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Slide 15

Confer

What about using credit cards to pay off debt?
1. High interest rate
2. Come due each month
3. Continues to accumulate until your bill is so high you cannot pay it off
4. Can affect your credit score negatively

Before using credit cards Confer with creditors

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When Your Income Drops
When Your Income Drops

Making Ends Meet Requires:

Change

Be Prepared to Change

To make it through the hard times, look for ways to:

* Reduce expenses:
  - transportation
  - food
  - household expenses
  - entertainment
  - recreation
  - clothing

* Use things you have longer
  - repair

* Swap items

* Trade services

* Use community resources
Dealing with Financial Stress

Recognize that it is natural to feel the effects of stress

https://www.kansasagstress.org

Consumer Credit Counseling

https://credit.org/cccs/

A Family Commitment to the Five “Cs” —

- Control
- Claim
- Communicate
- Confer
- Change

When Your Income Drops Publication Series

- Take Control
- Making Ends Meet
- Coping with Stress
- Using Community and Family Resources
- Sharpening Survival Skills