



Overview

Losing your job, being laid off, or having your family income decrease is traumatic. It is not just a loss of income, but also of the security and way of life you may have taken for granted. However, you can bounce back and learn valuable skills through the process of finding a new job.

Take Positive Steps

Once you're over the initial shock, don't panic. The world has not come to an end. Recognize that the loss of a job is one of the most stressful situations anyone can experience. Like going through a divorce, unemployment is an unanticipated transition that we never expect to happen to us. It also creates a chain reaction of other changes that increase stress. Understanding the emotional process associated with losing employment can help you deal effectively with your feelings. Denying these feelings will not permit you to bring closure to the experience and move on with life.

Tell your family what has happened immediately. Do this in person, not over the phone. Since the entire family is affected by a parent's job loss, have the entire family be a part of deciding on lifestyle changes. Be prepared to answer your family's questions honestly and openly. Communication is the key to effective coping.

Here are some other steps to take:

- Recognize your personal loss and identify the steps needed to bounce back positively.
- Recognize that your family is experiencing the stress of your job loss secondhand and may need help in coping.
- Evaluate your financial situation and adjust your family financial plan as needed.
- Contact your creditors and arrange alternate payment schedules.
- Apply for unemployment insurance. Check on available services and benefits at a local CareerLink center.
- Assess your skills. How many different types of jobs are you qualified for? Consider retraining for a new field.
- Actively seek new employment.

Consider Yourself and Your Family

Income loss affects every aspect of a family's life. When dealing with loss, most people experience a series of emotions that move through a five-stage process. The process begins with shock and denial, then progresses to fear and panic, followed by the stages of anger, bargaining, and

despair. The process concludes with a new beginning. As you move through these stages, you will be challenged to learn new coping skills that can help you to remain employed as you move from one job to another in the future.

Job loss may be more stressful for your family than it is for you. Family members experience it secondhand. They have little or no control over your reaction and actions. They are feeling many of the same emotions as you, but they are powerless to do anything about your reemployment. Feeling helpless is stressful and defeating. Your spouse needs your support. Acknowledge and work through your emotional reactions. However, seek professional help if these emotions become extreme.

Children also need help in coping with the stress that occurs in their lives as the result of a parent's job loss. Learn to recognize the signs of children's stress at various ages, and remember that no single cure will work for children at all ages. Preschoolers, schoolchildren, and teens each need different kinds of assistance from a parent to help them cope successfully and move on with life in a positive manner.

File for Unemployment

Unemployment compensation provides a financial bridge for people who are between jobs.

You will need your Social Security card to file for unemployment benefits. Apply for benefits on the first day you are not working. You can find out how to file an initial claim at the nearest CareerLink center.

You should expect a minimum waiting time of three weeks before you receive your first check. Payments are calculated from the first day you file, so file promptly. If you qualify, the amount of your weekly benefits will depend on your base year earnings. The number of weeks you are eligible to collect unemployment compensation is calculated using a formula.

Review Credit Payments

You might need to change the way you pay creditors until family income is at a higher level. Do not ignore bills. Contact your creditors—including finance companies, banks, credit unions, and department stores—about charge accounts and installment loans and make appointments to explain your problem. Do it before there are late payments. Explore alternative ways to handle your bills in case you are unemployed for several months. Options may include:

- Working out smaller payments.
- Refinancing the loan. This involves making another contract for smaller payments over a longer period of time. The new payments will be smaller in size, but the overall costs for the loan will be larger.

If all else fails, consider a consolidation loan. You take out one loan, pay off all bills at once, and then have one debt to pay off to just one creditor (usually extending over a longer period of time). Again, each payment will be smaller, but you will commit yourself for a longer period of time at a higher total cost.

Mortgage and Utility Bills

Are your monthly mortgage payments too high? House payments can be as much as 40 percent of family spending. There also are utility bills, including electricity, gas or oil, water, and telephone service.

Work out a spending plan that reflects your reduced family income. Start with all fixed expenses or “must-spend” credit obligations, such as your mortgage or rent payment, utilities, and credit accounts. Other expenses such as food, medications, and personal care items like soap, shampoo, and toilet paper also are a priority.

If there isn't sufficient income to pay the high-priority expenses, take action and *do not* ignore bills. Start by contacting your mortgage lender. Make an appointment as soon as possible to review your payment schedule. Bring your net worth statement,

a schedule of expected income, and a proposed spending plan. This information will help the lender decide what adjustments can be made. The change may be temporary interest-only payments on the mortgage loan, or perhaps the length of the mortgage loan will be extended.

Contact the utility companies that supply services to your home. Letting these companies know about your financial difficulties will prevent services from being disconnected. All utility companies have a policy regarding late payment or nonpayment. It starts with a written notice. In some locations, there may be a telephone call requesting you contact the company. Again, do not ignore the bills and notices. Lending institutions and utility companies want to work with you. It is in their best interest—as well as yours—to develop a plan to help you with payments.

Check on Insurance

It is important to think about insurance coverage for your family, especially health insurance. If you were insured under your employer's group health and accident plan, find out whether you can continue health benefits from your current group health plan. Federal legislation may require you to have the option to continue health coverage. You will be responsible for premium payments that are based on federal guidelines.

If this is not an option, investigate other sources of group health insurance available from service and social organizations or professional and trade societies. Individual plans can be obtained from insurance companies. Blue Cross and Blue Shield are places to start getting information about prices and coverage. The cost will be considerably higher than group health insurance, but it is an important coverage. If you cannot afford health insurance, contact the county board of assistance office in your area to determine if you are eligible for medical assistance.

If you have life insurance with a cash or loan value, call your agent. In many of these life insurance contracts, there is an automatic premium loan clause. Premiums can be deducted from the cash value of your policy or from dividends rather than from your current income.

How Is Money Used in Your Family?

- Do family habits result in overspending or running up credit card bills?
- Is there compulsive buying?
- Is income withheld as a reward or as a bribe?
- Is income used to ease boredom, anxiety, or frustration?

Now is the time to overcome actions that drain money. Set the family up for success by thinking positively. Remember, don't use money to play games with yourself and your family. Everyone can help tighten the purse strings and eliminate needless spending. Your immediate goal is to survive financially and emotionally. Whether or not unemployment benefits are available, the family's income will be drastically reduced.

Include family members in discussing what your family really needs and what they would like to have. Postpone buying what the family would like but does not need now. Fixed expenses, such as rent or mortgage payments, installment payments, insurance premiums, and any other payments due on a specific date, must be paid unless arrangements have been made. Flexible expenses usually include food, vacation, and recreation—areas in which family members need to make choices. These expenses can be reduced by eliminating waste or unnecessary expenditures.

One of the most difficult things about being unemployed is realizing your family cannot spend as much as it did. Pretending to yourself and to others that nothing has changed will not make it easier. Spending less is a must.

Where Should You Cut?

To balance your budget and reduce spending, you have to know exactly how much money you have coming in and going out. You may find that your family doesn't have a clear picture of where the money is going. In that case, try the following:

- Write down every item on which money is spent. Figure out where your money is going.
- Put a limit on your spending.
- Agree within your family that every purchase over a certain amount will be brought to the family for discussion before buying.
- Look for large upcoming bills, such as an insurance payment due twice a year.
- Make a shopping list and weigh the importance of each item. Reduce the number of shopping trips you make.
- Find less expensive substitutes for essential items. Make snacks instead of buying them, or shop at garage sales.
- Consider inexpensive entertainment such as potluck meals with friends and gifts of time instead of costly items.

Plan Alternatives as Needed

Should you use emergency savings or take out a loan if you can get one? This depends on your individual circumstances, but there are some disadvantages either way.

Savings.

When you take money from your savings account, it will no longer earn interest. If the family decides to withdraw money from a savings account, take money from a regular account first and leave any certificates of deposit untouched. You'll lose interest on the certificates if you cash them before the maturity date.

Loans.

If you take out a loan, you'll pay interest for the privilege of using someone else's money. If you already have an overdraft checking account, using it might be one way to ease your dilemma, but you will have to pay back the extra amount. Another solution might be a passbook loan. Borrow at the lowest interest rate. You will lose interest on the savings account and pay about 1.5 percent interest in addition, but the total cost might be less than the interest on another type of loan. In any case, think carefully about taking on any additional debt while you're unemployed.

Additional Jobs.

Can other family members contribute to income? When the whole family helps, everyone is part of the solution and no one person carries the entire burden of the family's problems.

Sell Things You Own.

Have a garage sale. Sell the extra car or bike, or other items that are not essentials or are seldom used.

Investigate CareerLink

Look in your telephone directory to find the address for the local CareerLink center. CareerLink centers provide many services for unemployed individuals.

Job Registration.

These centers process a wide range of job requests from employers who need both entry-level and highly qualified workers.

Job Referral.

CareerLink centers have a computerized system that can help you apply for jobs within the state and across the nation. Once you have opened an account, your job application is on file and referred to employers seeking workers. However, getting a job is your responsibility. You will need to remain proactive in seeking interviews and potential employment.

Counseling.

Staff can help applicants identify jobs that are suited to their abilities and, if necessary, help them find training opportunities.

CareerLink centers have a wide range of additional services available on site. If you qualify, you can apply for food stamps, veterans' employment and training programs, dislocated worker services, and many other programs.

Turn to Community Resources

At the CareerLink center or the county assistance office, you can apply for benefits that you may be eligible to receive. Some services that may be available to you when you lose your job include temporary assistance for medical expenses, food, and income loss.

Income Assistance.

You may be eligible to receive income assistance through the county public assistance office. Different programs provide financial aid and services to families that qualify. To determine your eligibility, you will need to apply.

Medical Assistance.

Pennsylvania has a broad range of medical assistance programs for families that qualify. These programs are administered through county assistance offices. To determine if your family is eligible, you will need to apply. If you have other health insurance, it will be billed before a medical assistance program is billed. To obtain this help, contact your county assistance office.

Food Assistance.

Food stamps are administered through your county assistance office. To apply, you must file an application and be interviewed. If you qualify, the amount of food stamps you receive will be based on your household's size and income after deductions.

Other Assistance Services.

A family whose income has decreased may be eligible for other services, such as legal assistance and personal or financial counseling services. Ask about these services at the CareerLink center or check your local phone book for an information and referral service that maintains a directory of available county services.

When seeking help from a county assistance program, you will need to provide proof of all income, as well as any benefits your family receives from Social Security, Veterans Administration, unemployment compensation, and pensions. Also have available your recent checking and savings account statements and bills for rent or mortgage, utilities, home insurance, and child or dependent adult care.

Finding New Employment

Finding a job with a future does not mean you apply for whatever jobs are available or for the same kind of job you had before. You do not have to stay in the same industry for the rest of your working years.

Before you commit to a job search, do some homework. First, figure out what you want to do and what skills you have. Take time to think about yourself and to find out what jobs match your abilities and skills. To enhance your employability in today's labor market, you may need to upgrade your skills.

Unemployment is not a vacation. It will take your full-time efforts to find another job. You will have to develop a plan and be positive and proactive in putting your plan into action. Learning to market yourself and adopting interview strategies will help you succeed. Remember that you are in control of your future employment. No one will do it for you.

Penn State Cooperative Extension

Check out your county's Penn State Cooperative Extension office. Educational programs are available to help your family adjust, to learn ways of coping, and to improve skills to stretch limited dollars.

The following publications in this series are available from your county extension office:

1. Making Sense of My Losses
2. Working Together as a Family
3. Checking Financial Resources
4. Setting Spending Priorities

5. Paying Creditors and Maintaining Your Financial Reputation
6. Cutting Corners and Economizing
7. Using Community Resources
8. Finding New Employment
9. Getting the Health Care You Need
10. Protecting Retirement Benefits

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