

Many circumstances can lead to an abrupt reduction in family income: a factory layoff or cutback, loss of a job, reduced farm income, or loss of income from a spouse. Just the threat of any of these situations is a serious blow to individuals and families struggling to survive economically in difficult times.

Abrupt loss of income, whatever the reason, is traumatic. Often the financial setback was not anticipated. When it happens, a common instinct is to panic. Although natural, the temptation to tailspin must be avoided as much as possible.

If economic misfortune strikes you or your family in the form of reduced income, is there anything you can do to minimize the hardship? Yes!

**Don't panic, take control.** Loss of income affects many people for many different reasons. It may be caused by loss of a job, a recession in the economy, an illness or death, poor commodity prices, or a divorce. It doesn't help to blame yourself. Chances are it wasn't your fault. In any event, self-blame wastes energy, and the energy you spend blaming yourself could be better spent dealing with your situation.

**Control stress.** Feeling the effects of stress is very human and very natural. That doesn't make it pleasant. Keep stress at controllable levels by recognizing the signs and taking steps to reduce stress. Developing and following a plan can reduce stress and help you maintain control of your financial position.

**Take stock of family resources.** One important way to cut down anxiety is to assure yourself you are doing the best you can with the resources you have. That includes knowing what you own and what you owe. It also includes important community resources designed to help you and others in times of economic or personal distress. Sometimes people are reluctant to ask about "government programs" in times of trouble. However, these programs are ways in which we, the community, have tried to protect our mutual welfare and to assist each other in times of trouble.

**Set priorities for spending.** After you know the resources you have and are likely to have, talk with your family about how you and they use money. Designing a family spending plan accomplishes two things. It sets your family up for success by thinking positively. It also helps you to survive financially and emotionally until future goals are decided.



**Plan to pay creditors.** One of the most stressful outcomes of a loss in income is the worry that creditors are all around, impatiently waiting for you to pay overdue bills. In this situation, avoidance is not the answer. It is extremely important for you to be realistic about your financial situation and meet it with a plan. Fears caused by uncertainty and avoidance are always worse than facing the facts and following a plan to take control.

**Keep a roof overhead and meet insurance needs.** Keeping a roof overhead, the utilities hooked up, and essential insurance are top priorities when income drops.

**Sharpen your survival skills.** Finally, adopt economic survival skills for a loss of income with ideas for substituting, conserving, using your human resources, cooperating, and using community resources. You can apply these principles to buying food, running your household, purchasing clothing, choosing transportation, and acquiring the other things your family needs.

## Learn More From This Series

***When Your Income Drops – Making Ends Meet***  
MF3498

***When Your Income Drops – Coping with Stress***  
MF3499

***When Your Income Drops – Using Community and Family Resources***  
MF3500

***When Your Income Drops – Sharpening Survival Skills***  
MF3501

### Reference

Consumer and Family Sciences Extension – Department of Consumer Sciences and Retailing. (2008). *When Your Income Drops: Fact Sheet 1, Don't Panic — Take Control*. West Lafayette, IN: Purdue Extension.

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