

Your Last Paycheck: Tough Times Mean Tough Choices

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By Syndicated Columnist Cathy Harris

Are you about to receive your last paycheck due to the mortgage industry debacle? Remember tough times mean tough choices therefore you need to seriously evaluate your financial situation.

Remember right now if you have a roof over your head, food on the table and are in fairly good health, you need to count your blessings. So many people don't have any of those options at this time.

The first big wave of layoffs in the mortgage industry was in August and September 2007, and the next big wave will be in January and February 2008.

Those affected can no longer pretend that this is not a reality. What they can do is to prepare and take action. Be proactive in everything that you are doing right now because that will get you back on the right course.

Reach out to people! Remember asking for help doesn't mean you are weak, it simply means you want to remain strong so let others know you need help.

If you are unemployed, you have only three choices to make: 1) Get back in the workplace, 2) Open your own business, or 3) Go back to school.

Think realistically, do you have any type of savings or funds to tide you over until the crisis passes?

Because of misinformation in the community, 7 out of 10 people who are laid off or fired NEVER file a claim for unemployment insurance. These are funds that will last for at least 22 weeks or longer and can assist in paying the bills while you regroup. But so many people have looked at these funds as a handout and have let their pride keep them from attempting to gain these funds. Remember there are many persons who have become homeless simply because their pride got in the way. Will you be one of them?

Instead of being laid off, some will have the options to take an early retirement. This means that they will only receive 60% of what they were earning. And many times that will mean they will not have any type of health or life insurance so they definitely need to think about business ownership as a viable option to supplement their income.

Some will look for their 401K to rescue them. The average 401K is around \$20,000, but you don't want to touch that money unless you really have too because you will be taxed twice on it. In other words, you will lose a big chunk of it.

I have seen so many people get laid off and attempt to live off their 401K's for a year. When the money ran out, these persons ran out and got a minimum wage job instead of using that time and money to start their own businesses or go back to school.

Another good rule of thumb is to never use your 401K funds to pay off credit cards. Remember your main concerns are your immediate bills only (rent/mortgage, food, light, gas, phone, etc.)

If you don't have a lot of money pay your rent and mortgage first. You would not believe how many people will go out and pay a cable or credit card bill before they will pay their rent or mortgage.

You need to ask yourself serious questions. Do you need to get a roommate? Stop saying you don't want anyone with kids to move in with you. Do you have any other options? Do you need to move in with relatives in another city or another part of town? Tough times mean tough choices so stay proactive.

If you have to move, call a moving company or get your family to move your belongings to a storage facility for 3 or 4 months or longer. These facilities usually run a special so your cost might be around \$30 or \$40 a month sometimes with a free month. So you definitely want to use your last paycheck to get some type of stable living environment set up for you and your family.

For many this will be the time to change careers totally and they will look at their situation like a blessing in disguise or an opportunity. Some people embrace opportunities and clearly realize that being terminated is simply an opportunity to regroup and move in another direction and even get involved with their passion. Some people go their whole lives and never live their passions. Remember that everyone has some type of talent or passion which is of value to others, so now is the time to become an entrepreneur.

However, not everyone is meant to be an entrepreneur. Therefore, some people will have to work for others. With 1 out of every 2 marriages ending because of finances, someone in your household - you, your spouse or youth, need to start a business.

If you need to get back into the workplace there are many career links on the internet located at www.discrimination101.com/careerlinks.html But even after submitting a cover letter and resume to these companies, your goal should be to get a meeting with someone in that company. Most people get back in the workplace by referrals from family members or friends so it's important to reach out to others.

If you decide to build and grow a business or go back to school, it might mean you have to downsize your lifestyle. If you are attached to materialistic things, you might have a hard time finding yourself, saving your family or moving forward.

Some steps you can take to downsize your lifestyle and save money are: 1) You can move to a smaller house or apartment; 2) You can downsize your vehicle to an economy car; 3) You can get rid of your car altogether and move to a bus route; 4) You can wear a \$30 wig instead of paying \$50 to \$100 to get your hair fixed; 5) You can do you own nails instead of paying \$40 every two weeks for your nails and toes; 6) You can buy clothes from consignment stores; 7) You can get basic cable; 8) You can get on budget billing for your gas and light bill so you will know what the bills will be every month; and 9) If you are entitled then collect your child support payments.

Try to spend your time going to the library or visiting bookstores and reading books. You would not believe the ideas that many people get simply by reading books. If you are watching television from the comfort of your own home then make sure you are watching shows of value such as “The Suze Orman Show” (www.SuzeOrman.com) and “The Big Idea” on CNBC.

This will also be the time to learn everything you can about your finances. Your credit score is going to follow you for the rest of your life so it should be your goal to raise your credit score. You can visit www.annualcreditreport.com and order your free credit reports at least once a year from Experian, Equifax and TransUnion. This means, you will have three different credit scores. If you credit scores are between 300 – 500, then you are in bad financial shape. Your goal should be to raise your credit score to over 760.

Remember that sometimes people have to go backward in order to move forward. A temporary setback is not a permanent failure. This is the time for you to surround yourself with positive people and relax and take care of your health. Try to stay away from unhealthy habits like drinking too much or getting involved with drugs. Try to make physical activity a part of your daily routine while you eat right, drink plenty of water and get enough sleep.

As you keep moving forward and keep regrouping, you will be able to take the proper steps to restore your life to some sense of normalcy. But understand no one is going to care about your situation more than you so don't expect anyone to rescue you. You are going to have to rescue yourself. The good news is that, there are people willing to help you, but you have got to reach out to them.

Cathy Harris is a Motivational Speaker and is known as “The Ethical Black Business Coach” (<http://theethicalblackbusinesscoach.blogspot.com>). She is available for seminars, workshops and consultations. She is also the author of the 10-part book series “How To Take Control of Your Own Life” (<http://www.howtotakecontrol.com>) and can be reached through her company at Angels Press, P.O. Box 870849, Stone Mountain, GA 30087, Phone: (770) 873-2072, Toll Free (800) 797-8663, Fax: (678) 254-5018, Website: <http://www.angelspress.com> and Email: info@angelspress.com.

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