

TOP 10 TIPS FOR HOW TO COPE FINANCIALLY AFTER A LAYOFF



After a job loss, you may experience a double whammy. At first, important parts of your identity--work friends, daily structure, sense of control and self-esteem--may fall by the wayside. Then your salary stops, which is often the most traumatic loss of downsized executives and their families.

Most families travel on cruise control regarding money, staying the course and never discussing finances unless it's absolutely necessary. When one partner loses an income, the balance of power shifts and extraordinary problems can arise.

For most people, making and spending money is a strong source of gratification and power. As children, we learned what money could do for us by watching how our parents handled finances. These views and behaviors came with us into adulthood and affect all our future relationships.

When we get married, successfully resolving financial issues requires delicately intermeshing both partners' often subconscious childhood needs and expectations about money. If both partners have the same views, the relationship can sail smoothly through the roughest waters. But if their views differ, the relationship can be severely challenged even in the best of times. After a job loss, these problems will only intensify.

A Constant Issue

In many partnerships, money-related issues are the primary source of conflicts. The battle between who provides it and who spends it is played out constantly in simple decisions, ranging from where you eat to how lavishly you celebrate birthdays and holidays. With a limited amount of money to go around, conflicts over its allocation will nibble into daily harmony and long-term happiness.

The loss of a paycheck creates a shift that alters the sometimes unspoken family balance. Deciding who controls the purse strings can tear couples apart when they need to be united. New rules must be created on how to spend, but the timing couldn't be worse. Emotions are high, and communications can be frayed. The partners feel like strangers to each other, seriously challenging the relationship.

At their core, money disputes are conflicts about feelings, experts say. To resolve them, the best solution is for couples to agree to talk feelings and dynamics first and hard facts afterwards. Only after feelings are resolved can the facts be aired and heard and clear negotiations follow.

Two Sensitive Areas

Having a regular income gives a family the security and support systems it needs to maintain emotional harmony and for each member to fulfill his or her role. Removing the paycheck causes two problems that put stress on relationships.

1. Emotional vulnerability is heightened.

Earning money helps us feel powerful in our lives and in key relationships. It also provides a sense of identity and self-esteem by sending such messages as: "I perform well as head of the household," "I'm good at my work, smart, clever, well-liked, even lovable," "I'm secure and can have what I want," "I'm a good person who can help others" or "I can pay my bills and maintain my independence."

Losing these internal messages causes problems if they're vital to maintaining your self-esteem or intimate relationships. In this case, a spouse who makes a seemingly innocent observation about finances or job hunting can cause a major argument.

Moreover, financial fears that normally remain in check become aroused when a salary disappears. Thoughts of "What will happen when..." may create anxiety, throwing one or both partners into a degree of panic, depression, immobility, frustration and anger. These emotions can erode the support you need from your spouse to job hunt effectively.

2. Established marital financial patterns can change.

Partners must assume new roles to communicate effectively and make decisions based on different financial realities. Many partners are able to reassess their priorities and reallocate their income, and their bonds deepen.

However, in other couples, the roles regarding money may intensify or change completely. These shifts are caused by each partner's emotional reactions to the loss of the financial safety net. Though a change may be subtle, it can create havoc until each person becomes comfortable with the new arrangement.

In some relationships, the money/power broker is the person who earns the most. In others, it's the spouse who keeps track of spending. When control is tied to the higher wage-earner, deciding who'll make financial decisions when the paycheck disappears can play out in several ways. The ex-primary provider may cling to or expand his or her role or, feeling unworthy or fearful of losing needed emotional support, may hand over the job to the spouse. The latter is a no-win situation for either party. The unemployed partner can feel diminished while the controlling spouse may abuse the position. Or, if the spouse doesn't want the job, he or she may neglect it.

In relationships where the controlling spouse is the one who tracks expenses, it's often because he or she needs to know where and how money is spent. With a job loss, this need for control can intensify, and suddenly, everyone may want the position. Resentment builds as record-keeping is challenged or explanations are required for the first time.

"My wife drove me nuts when I left my company to open a marketing-consulting business," says one Los Angeles-area executive. "She'd never been interested in tracking our expenses, and now she wanted to know exact costs and where we could cut back. I offered her the job, but she didn't want to take it over. She just wanted to check on my decisions. This didn't help me maintain the confidence and focus I needed to go out on my own."

In households where no financial watchdog exists and neither partner can face the issue, marital harmony often lasts longer after a spouse's job loss. However, when unpaid bills accumulate, accusations and blame begin flying.

The path a relationship takes depends less on the severity of the financial loss than on other factors, such as how a couple previously made financial decisions and whether it can compromise on a new budget. Other factors include whether the couple makes long-term financial decisions or resolves issues spontaneously, often through heated arguments. Also, how ingrained are unspoken systems of distribution? Does one partner usually defer to the other? Does this lead to resentment that causes other problems?

During a seven-month job search, a director of sales for a large consumer-products company and his wife, a teacher, struggled over financial issues caused by his loss of income. In most instances, she bowed to her husband's wishes regarding money. "Tony and I are from traditional backgrounds where, though we discussed financial decisions, I ultimately acquiesced to his final input," she says.

But she resumed teaching when their children were older, and viewed her paycheck as her own to save for the children's college expenses, retirement and emergencies. When she was forced to spend it to keep the family afloat, she became resentful and frustrated. Soon, the couple began to bicker over how

money was spent.

"Certainly I was glad I could help preserve our present family lifestyle, but I resented losing the security the income had offered," she says. "As time passed, my tension spilled over into wanting more control over how much of 'my' income would be spent and how much preserved."

Their relationship survived his unemployment, but his role as the financial power broker didn't. Once the distribution of family funds became open for discussion, both had to reconstruct their roles, values and concept of financial safety.

Accepting a part-time job while you're unemployed may ease family tensions about money. Having a job and source of income can reshift positions and create sufficient confidence for partners to discuss issues without recrimination. Just bringing some money in, at least in the short run, appears to help both partners deal with the larger financial issues.

Restrictive Spending

To spare your relationship unnecessary damage, try to separate emotional issues from financial realities, and restructure your spending as soon as the job loss becomes official. For many couples, this is a difficult assignment, so they defer money discussions and fall into a common trap.

As severance pay continues and the unemployed partner begins to job search, the couple feels optimistic, so they put off looking at spending habits in a desire not to upset the family. When severance runs out, reality hits, and the resulting panic, anger, self-doubt and shame leads to arguments, emotional distance and unwise decisions.

"Some people go into a bunker mentality," says Jack Tripp, a consultant in Chicago. Fearing financial ruin, they act irrationally and cut back on expenses that could improve the job seeker's prospects. "A case in point is canceling the daily babysitter to reduce costs, forcing the out-of-work spouse to stay home instead of looking for work," he says.

Even if it's difficult, force yourself to discuss finances with your spouse. If you don't acknowledge the need to cut expenses, you'll never reduce tensions caused by the job loss. Ultimately, these may destroy the relationship long before unemployment might.

To initiate the discussion, one of you should approach the other and say something like, "I need to sit down with you and talk about how we're going to balance our finances until I (or you) get another job." If that's too direct, ask your spouse to read this article and meet with you later to come up with a plan.

Learn to De-emotionalize

At the outset of your meeting, establish ground rules for your talk. Treat the situation as fact, not fault, and remove any blame from your language. Instead of saying, "You do..." or "You get..." say something like, "This is the bottom line," or "The reality of what we have to work with is..." This helps focus the conversation on neutral ground and establishes that reality, not you or your partner, is the culprit. Also avoid using tones, expressions or gestures that seem critical.

The following 10 steps can help you reduce your emotional trauma while navigating this financial dilemma. Try to follow them on your own. However, if one partner feels so hurt that you can't continue the discussion, ask an impartial third party--perhaps a financial planner or accountant--for assistance.

1. Move quickly. Both of you should agree to develop a budget to control expenses within the next week.

2. Get organized. It may be easier emotionally if you jointly develop the factual information needed to create a budget. During the next two days, collect necessary paperwork from the previous year. Organize it into major expense categories, such as mortgage or rent, utilities, food, insurance, automobile, spending money, etc. Have one partner chart expenses for each category for the first six months of the year, while the other spouse works on the next six months. Give each other copies of your results.

3. Review your analysis. Set aside three hours with lengthy breaks to discuss your findings. Be silent during the first 10 minutes as you review the other's work. Begin discussing each category without using blame (this may take practice). Next, combine your findings to develop an annual total and monthly average for each expense.

4. Evaluate your income. List and total current liquid assets (cash or other assets easily converted into cash) to determine how many months you can last on your minimum monthly budget. This will tell you whether you need to reduce expenses, and any emergency steps to take in the next six months. For instance, should you seek part-time work or widen your geographic territory during your search so you'll find a new position faster? Can you afford to stay in your current home or should you move to a smaller home or apartment? Should you seek a loan or borrow from relatives?

Since the latter decision can be emotional, postpone a discussion until you complete your analysis. After scheduling a second meeting for the next day or two, take a break and relax.

5. Discuss spending reductions. If your expenses exceed your income, at your next meeting, discuss possible cutbacks that can stretch your income. Again, strive to be nonjudgmental by using "we," not "I" or "you." Seek information by asking questions. Also determine which expenses can't be reduced, such as your mortgage and car payments.

6. Express your feelings about the situation. Each person should touch on his losses, needs, wants and wishes. Begin each statement with "I" without adding an accusing "you." Agree to take a short time-out if either of you fall into an attacking, unheeding mode.

7. Evaluate other possible cutbacks. These might include telephone, entertainment, clothing and commuting costs. Making such cutbacks can create unhappiness, though. Decide how you'll communicate if you feel your relationship is affected.

8. Share lists of each spender's priorities. Each partner should talk about how he or she could reorder expenses based on present needs and wants. At this point, simply talk and listen without arguing.

9. Identify common ground and agree on new reductions. First, decide which expenses should and shouldn't change. For instance, you may agree to spend less on eating out and more on entertaining friends inexpensively at home or on keeping life insurance payments current.

Circle in blue (because blue is a calming color) key areas of disagreement. (Exclude health issues, which should be considered separately.) Prioritize the circled items from least to most emotional and most to least urgent. Make a date to work through these areas. Establish rules for discussing each point, and agree to listen to each other's concerns.

Compile a list of expenses you can reduce. For instance, call your mortgage lender to ask if monthly payments can be lowered temporarily. Also investigate free job-search support groups sponsored by local libraries, churches or community organizations.

10. Develop a monthly budget. From these discussions, you can make necessary cutbacks and accurately estimate your income and expenses for the next six months. During this period, meet every two weeks to review and compare actual vs. projected expenses. Since both of you created the plan, one partner can assemble the data. Alternately execute joint decisions, such as negotiating with lenders or thinking of fun activities to do at home.

When you take control of your finances, the negative energy you were spending on money problems will be converted to positive energy you or your partner needs to job hunt effectively. As a couple, you also may find that resolving this issue together will lead to more intimacy, better communication and a stronger bond in your relationship.

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