



## Financial Tips for Tough Economic Times

You've just found out your two income family is cut to one. Or maybe, there are lay-offs happening all around you at your place of employment. How can you cut back and save some money now?

Following are some ideas to help you plan:

**Figure out where you are and where you need to be** – there are daily, weekly, monthly, quarterly, and yearly expenses. Track what you spend every day and in what category the expense falls. By doing this you can begin to know what are necessities and what are luxuries. Use this process to begin creating a family budget. Set aside money monthly for those bills that happen less frequently – like your property tax bill or the water bill. Review everything for where you can cut back – a gym membership you aren't using, cab rides when you can walk, or take a brown bag lunch instead of eating at a restaurant.

**Don't stop paying cold turkey** – if you don't have enough money after savings and paycheck or unemployment checks to pay your bills, don't just quit paying. Talk to your creditors. You may be able to establish payment plans or other assistance. Prioritize your payments – mortgage and car loans have the most weight on your credit score. Utilities often offer assistance programs. Illinois launched a winter program to help low-income citizens pay with the Good Samaritan Initiative – visit [www.liheapillinois.com](http://www.liheapillinois.com) or [www.keepwarm.illinois.gov](http://www.keepwarm.illinois.gov)

**Insurance Discounts** – If you are laid off and you had company sponsored health insurance, you will be given the option of purchasing COBRA insurance. It can be expensive. If you have to forego health insurance, ask your health care provider or hospital if they will give you a discount for the services they will be providing. Under a new Illinois law going into effect in April, discounts will be mandatory for people in urban areas who are uninsured and who earn up to 600% of the federal poverty level (\$127,200 for a family of four). In rural areas, the threshold is set at 300% of poverty (\$63,600 for a family of four). For example the Provena Health Care system offers a 40% minimum discount to all uninsured patients.

In most situations, if you are laid off and your spouse is still employed with insurance available, you do not have to wait for open enrollment to get onto their insurance.

Consider increasing the deductible on car or homeowners insurance to reduce premiums, but only if you have savings to cover the higher deductible if something should happen.

**Cash is King** – When times are good, we often make purchases with a credit card, knowing that we will have the money to pay the bill. But, when we are facing tighter economic times, we need to pay as we go. Some tips to help eliminate credit card debt are:

- *Pay more than the minimum due each month* – if you are only paying the minimum, you may only be paying interest and finance charges.
- *Renegotiate your interest rates* – call the credit card customer service line and ask for a lower rate before you find yourself in trouble.
- *Spend only what you can pay off each month.*
- *Use debit cards instead of credit cards.*
- *Cash is King* – spending in cash curbs excessive consumerism

**Go Electronic** – Use the tools your bank has available. By using the electronic systems at your bank you can set up recurring payments so that they are made on time, every time; you can link accounts to transfer money as needed; and, you can check your records to review expenses. This method is very efficient and cost effective. Not only will it make you more efficient, but you won't have to address envelopes, buy postage or make a trip to the mailbox.

**Essentials** – Everyone needs to eat. Learn to save money on groceries and you may even be able to eat healthier.

- *Plan your meals* – try to keep staple items on hand. Use the weekly sale flyers to plan your weekly menus and shopping list. Make one trip to the store and stick to your list to reduce impulse purchases.
- *Know how “savings” programs work at the stores* – does the store offer “buy one get one free” deals, check if they double coupons, is there a store discount card, are there special store coupons, combine strategies to pay the lowest prices.
- *Use coupons when items are on sale* – buy the Sunday paper not just for the Help Wanted section but for the coupons, check deals for stores on-line, some stores offer electronic coupons that go on a store discount card.
- *Stock up on staples when they are at their lowest price* – typically no more than four weeks worth of product.
- *Be flexible* – is the store brand cheaper than the name brand with the coupon? Which store has the items on your list at the lowest price – will they match ads from other stores?

**Go Green** – you can be ecologically responsible on a budget.

- When you replace a light bulb, use a compact fluorescent. You may not have to replace it for at least five years and it will reduce your electric bill
- Bring your lunch to work in a reusable containers – you save money on the food as well as the disposable containers.
- Drink water from home in a reusable water bottle – less bottles in the landfill and the water is free.
- Secondhand purchases are not only less expensive, but you would be using items that already exist.

**Job Search Expenses** – According to [www.irs.gov](http://www.irs.gov) you can deduct certain expenses you incur while looking for a new job in your present occupation, even if you do not get a new job. Expenses may include travel, resume and outplacement agency fees. For more information, see [Publication 529, Miscellaneous Deductions](#). Moving costs for a new job at least 50 miles away from your home may also be deductible. Phone calls to prospective employers are also deductible.

**How we can help** – Getting back to work is a priority for you. The Employment and Training Representatives at [Kane County Department of Employment and Education](#) can help you create a professional resume, refresh your interview skills, or help you find ways to network effectively to assist you in your journey to become re-employed. Visit [www.illinoisworknet.com](http://www.illinoisworknet.com) and click on the JOBS link, you can find additional tips to help you in your job search.

**Four Offices to serve you:**

<b>Elgin</b> – 30 DuPage Court	847-888-7900 x 230
<b>N. Aurora</b> – 2 Smoketree Plaza	630-844-6640 x 203
<b>DeKalb</b> – 1701 E. Lincoln Hwy.	815-756-4893 x 240
<b>Yorkville</b> – 811 W. John St.	630-553-8304

[www.kcdee.org](http://www.kcdee.org)

