

Steps to Stabilize Your Financial Situation

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When faced with a money crisis, it is important to act quickly, yet deliberately. The suggestions below are designed to help you as you work to stabilize your financial situation.

Step 1: Prioritize your spending and set spending limits.

- Identify nonessential expenses and eliminate them. Cancel your cable, streaming and other subscriptions. Cancel gym memberships.
- Review your credit card statements for automatic payments and set it up for a minimum payment. For other automatic subscriptions or nonessential expenses, cancel the payments.
- Modify your phone(s) contract(s).
- Decrease use of vehicles and consider carpooling.
- Eliminate eating out.
- Review childcare needs.



Step 2: Contact all lenders immediately even if you have not yet had a late payment.

Let them know what's going on and determine if they are willing to work with you. Remember to write down the name and contact of everyone you talk with and make notes about your conversation and its outcome.

- Let your mortgage company or landlord know that you're in financial crisis. In the case of your mortgage, ask to speak to someone in loan mitigation.
- Contact credit card companies and other lenders in writing to ask them to decrease or defer payment.
- Identify community resources.
- Locate local food pantries.
- Apply for SNAP (food stamp) benefits.
- Apply for assistance with utilities. Ask your utility company who might be able to help.

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- Call 2-1-1, Tennessee's community services help line. When you call, you'll get a real person who is trained to help you sort out your needs and give you phone numbers of the nearest places where you can get help. You can also reach them at tn211.mycommunitypt.com.

Step 3: Identify and evaluate your resources.

Generally speaking, you do not want to go into more debt in an attempt to pay your bills. Instead, think about what other resources you might have. As you do, consider the following:

- If you have an emergency fund (regardless of the amount), now is the time to use that money. You can rebuild your emergency fund at a later date once your income has stabilized.
- Get back any money that is due to you. If you have loaned money to friends or family, now is the time to reach out to them to ask for repayment. Even if they can't repay you all that you have loaned them, any amount will help.
- Sell items that you no longer need. Consider selling larger items or items of higher value through online listings or through an online auction site.
- Pick up a side job. If time allows, pick up some sort of side work that can help you earn a little extra cash during your money crunch. This does not have to last forever. You can always stop your side job once you are back on your feet financially.
- If you have a room in your home or extra space in your yard, rent it to raise some additional income.
- Trade resources or talents with friends, neighbors or community members. You may have objects that you may need and those that are willing to share with others. Is there a way to trade or share so that you reduce actual spending? For example, you may have extra food to prepare but need childcare services. Can you trade with a family member or neighbor?

Adapted by Christopher T. Sneed, PhD, and Ann A. Berry, PhD, from "What to do when you're in a financial crisis" by Carolyn Hansen, Knoxville Compassion Coalition; Dena Wise, UT Extension, 2011.



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