W 1170

BOUNCE BACK FROM FINANCIAL SET BACKS

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Divorce

Job loss

Reduced hours

Bankruptcy

Severe illness and/or disability

Death of a family member

Most of us will face at least one financial crisis in our lifetime. In the moment, a financial crisis can feel devastating. You may think you have no good options or no way to recover. However, there is hope. With planning, some support from others, and an optimistic outlook, you can bounce back from financial setbacks. In this publication, you will learn simple steps you can take to begin bouncing back. Important resources that can help are also included.

Stop and Review

Take a minute to take stock of your current situation and reevaluate your budget. How much debt do you have? How much money are you short? Many times, a crisis pushes us to act fast. Taking time to first assess your current situation will allow you to better plan for moving forward. If you do not have a budget or if it has been a while since you last looked at your budget, now is the time to update this important document. Even if you do not have money coming in, a budget is still important. A budget can help you understand all your expenses and also is helpful when you must make important decisions about what to pay first.

Did you know?

Studies have shown it can take up to six months to adjust to an income reduction.

Did you know?

If you think your current situation is overwhelming, know that help is available. The National Suicide Prevention Lifeline offers 24/7 free and confidential help. Simply dial 988 or visit 988lifeline.org.

Check Your Emotions

A financial setback can produce a variety of emotions. It is important to recognize what you are feeling and how those feelings might affect your decisions.

Shock, denial, anger and depression – these are all stages of grief that you might face. Yes, it is normal to experience grief during a financial crisis. Talk with your family, friends or a professional to help you get through this time. You are not alone.

Reach Out for Help

A financial crisis can be emotionally draining. During these stressful times, it is important (and OK to rely on family, friends or others for help. Using your family and community resources can be valuable tools to help you bounce back.

Think about your needs, your support systems, and how people could help. Such help could include locating resources, offering support, assisting with child care, offering a temporary room, listening, etc.

Some of your support systems might include:

- Family
- Friends
- Neighbors or co-workers
- Faith groups or faith leaders
- Professionals
- Social service agencies

Set Your Goals

Before you can bounce back, you have to know what you are working toward.

Are you working to rebuild your emergency fund? Find a new job? Start over after bankruptcy? Pay down large debt? No matter what your situation might be, it is important to write down exactly what you want to achieve. Setting goals helps you take your hopes and ideas and make them a reality.

To make sure you reach your goals, you want to set SMART goals. The boxes below define SMART goals and offer an example of a SMART goal.

S - Specific. Your goals should include dates, resources and dollar amounts you will need to accomplish them.

M – Measurable. Your goals should be measurable by date, dollar amount or another appropriate unit.

A – Attainable. You will want to set goals you can reach.

R – Relevant. Your goals should be based on what you want to accomplish. Remember, your goals are ultimately about you and for you.

T – Timely. Your goals should include a specific time within which you want to accomplish them.

SMART goal example:

"I want to save $600 in the next six months to start my emergency fund. To do this, I will put aside $100 per month for the next six months."

Create Your Plan

Once you know what you want to do, it is time to figure out how you are going to do it.

Determine the options you have for reaching your goal. Work backward from your end goals to determine the steps you need to take.

Take some time to write down your plan.

Let a trusted friend or family member review your plan. That person might be able to offer some additional suggestions. Remember, though, at the end of the day, it is your plan. After all, you will be the one doing the work.

Did you know?

You can dial 211 to connect with information and resources including housing, food and other social assistance programs in your area.

Put Your Plan into Action

Start. Just start.

Sometimes the hardest part is taking the first step. Now that you have your goals and a plan to achieve them, it is time to get started. Don't think of all the things you must get done or how long it will take to reach your goal. For now, simply start and focus on the first step you need to take to reach the goals you created.

Review and Celebrate

As you put your plan into action, take some time to reflect and see how things are going. Celebrate small successes along the way to your goals. Celebrating your hard work is important and can help you stay motivated to achieve your long-term plans.

If your plan is not working, don't give up. It is OK to modify your plan and your goals as you implement them.

Did you know?

Credit Counseling

Depending on your situation, you may consider working with a credit counselor, who can help you manage your debts, develop a budget and, in some cases, organize a debt management plan.

You can find more information about credit counseling through:

The Financial Counseling Association of America (fcaa.org)

National Foundation for Credit Counseling (nfcc.org)

Bankruptcy

If your debts are simply too much for you to pay off, then you might consider filing for bankruptcy, though it should be viewed as a last-resort option. Before you declare bankruptcy, it is important to consider the consequences of filing. A bankruptcy can remain on your credit report for up to 10 years, and it might make borrowing money in the future more difficult. You can find more information at justice.gov/ust/bankruptcy-information-sheet-0.

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