



Furthering Families

Sharpening your Financial Survival Skills Or, what can you do when your bills pile up?

Dealing with a loss of income can be a very stressful time in the family. Determining your needs and wants, as well as goals for the future can help you start to identify your family priorities. In addition, knowing the strategies to utilize when your bills start to pile up can help you to successfully sharpen your financial survival skills for life.

I have all these bills, now what do I do?

The first thing that you need to do when faced with a pile of bills to pay is to decide which bills are the most essential for you and your family. Some of the questions that you will want to ask yourself include:

- Are there any bills that I have to pay because they are necessary for our survival? These may include expenses in the categories of food, shelter, utilities, and medical expenses.
- What services are required to maintain your household or business such as business expenses, childcare expenses, minor repairs, transportation, etc? As a rule of thumb, pay the bills with the greatest need first. Determine which are the most important as well as which involve the lowest amount of financial resources.

After deciding which bills are essential, the next step is to see how much income you have and what is the cost of the most necessary expenses. If your expenses outweigh your income, you will have to take action to reverse this situation. If the highest need expenses can be paid with the income you have, then you can pay those bills first. If you have left over discretionary income after paying off the most critical items first, creating a list of the next most important items is often a good way to prioritize your budget.

What if I don't have enough money to pay my bills?

When solving financial problems, there are two ways of dealing with this financial inequity: **increase** your income, or **decrease** your debt.

Ways to increase income include:

- Have someone in the family get a part time job.
- Find a way for a member of the family who works outside the home to upgrade their current job.
- Get information on qualifying for governmental assistance like food stamps.

Ways to decrease your debt include:

- Cutting down on unnecessary items.
- Working with creditors to reduce payments and interest fees by setting up a payment plan you can afford. The most appropriate way to contact creditors is by phone or in writing.

Now that I have a handle on my bills, how do I maintain the quality of life that I want?

Once you have dealt with your immediate concerns, the next step is to look at ways to manage your finances more efficiently so you can maintain your quality of life.

Substitute

- What could you substitute that would do the same job for less cost?
- Is a bartering service with a neighbor a way to decrease your expenses?

Conserve

- How can you make the resources you have last?
- Are you using these resources as efficiently as possible?
- Are there ways to reuse the resources you have?

Use Resources

- Does your family have any talents or hobbies that you may be able to use in a more productive manner?
- Is there a hobby you might be able to turn into a part time job to increase your income?

Cooperate

- Is there a way you can cooperate more effectively as a family to save time and resources?
- How about as a community?

Use Community Resources

- Are there resources available in your community that may offer a lower cost solution?
- What about bartering with individuals/businesses in your community? Is that a practical way to decrease your expenses?

Sharpening your financial survival skills can help you address how to effectively manage your finances when bills pile up. Implementing new strategies to increase your income and decreasing your debt can help you find ways to maintain a better quality of life for you and your family. By taking advantage of a wider variety of resources available, you can survive difficult financial times.

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Basic subject matter taken from a publication written by Carol S. Kramer, Extension Specialist, Consumer Economics, Manhattan, KS. (L-641).

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