

When Your Income Drops



Set Priorities for Spending

If you or your family are faced with a reduction or loss of income, you'll need to develop a plan to help you meet your expenses. It's important to look realistically at the situation and actively seek solutions to your problems, despite the discomfort it will initially bring.

Update, or create for the first time, a budget (also known as a spending plan). It should reflect a best estimate of anticipated changes in your income and expenses for the next few months as a result of Coronavirus-related impacts on the economy. A **spending plan worksheet** is available from Purdue Extension:

[Spending-Savings Plan Wksht.pdf](#)

Start by listing what money is available. How much income can be expected? Do you have cash on hand? Unemployment income? Food stamps? What is the total amount of money that will be available to use for expenses?

Next, list all your expenses and when they are due. Eliminate any expense that is not essential. What expenses can be delayed? Contact your creditors, most have a Coronavirus relief plan. Many are waiving fees and/or allowing interest freezes.

- 1. Keep a roof over your head:** If Coronavirus has impacted your ability to pay your mortgage, you must contact your bank or mortgage company and ask them what relief is available to you. The lender should be able to work with you and set up a new plan. If you make a late or reduced payment without contacting the bank, those payments will be reported to the credit bureaus. If you establish a new payment plan, you will need to follow through on the new plan to keep your credit history in good shape.
- 2. Make sure you have food to eat and the medicine you need:** Utilize food pantries and sign up for SNAP benefits at <https://www.in.gov/fssa/dfr/2999.htm>. Contact your doctors if you are having trouble paying for your prescriptions, they may be able to offer a cheaper medication or direct you to a medical program that can assist with the cost.
- 3. Keep the utilities operating:** Most utility companies have indicated that they will not cut off service because of nonpayment during the Coronavirus pandemic. Contact your utility company and ask for assistance if you are having trouble paying the bill.
- 4. Loans and credit:** Contact your lender if you have car loans, student loans, or credit cards that you cannot pay. Many lenders can offer some relief.

When your income drops unexpectedly:

- Figure out how much you can spend.
- Keep track of how much you are spending.
- Decide what you can eliminate.
- Work with creditors to pay bills.
- Explore ways to increase your income.