

## **What To Do When You're Running Out Of Money** Copyright © 2008 by John Hedtke, [john@hedtke.com](mailto:john@hedtke.com)

It doesn't matter if you're a contractor or a captive, the economy sucks right now. There's a very real chance that you may find yourself out of work or underemployed. Maybe it's only a sub-prime mortgage that's nailed your finances, maybe your property taxes have gone up, maybe your car's died. Maybe you aren't actually in debt but you don't have any savings and you feel like you're riding on the edge of disaster. No matter, you're suddenly looking at a lot of debts and not enough money to cover them.

Almost everyone I know has been there. I've been there. It's no fun. But I am fortunate enough to have survived this and I want to pass on a few tips to you about things you can do to weather the storm with your stomach lining intact.

The first stage is to get your finances in order, as follows:

1. **Don't panic.**

This is not going to be fun, but getting completely wigged won't help. Being as calm as you can and approaching things methodically can make most of the problems more manageable.

2. **Stop using your credit cards.**

Most people don't have a good idea of what it costs to use their credit cards. If you've \$10,000 of debt and you're getting an 11.99% interest rate, you're spending \$100 extra every month in interest. It's difficult to survive without at least one credit card—try buying something online without one!—but you should use them with caution and care. Dump the ones you don't need and look for credit cards that will offer you a better interest rate and pay them off as fast as possible. You may even be able to get a better interest from your own company; phone them and ask. There are pitfalls when shopping for credit cards and consolidating your debt but there are advantages, too. Google "reducing credit card debt" for details on what to do and how to do it. (**Tips:** Always pay more than the monthly minimum payment and reduce the highest interest debts first.)

3. **Plan your finances.**

Lay out your monthly finances in a spreadsheet. Put down **everything** even if it's only once a year (property taxes) or once in a lifetime (wisdom teeth removal). You need to see the whole picture before you can figure out what you can cut or reduce and how much money you need every month. The [www.personalfinancebudgeting.com](http://www.personalfinancebudgeting.com) website has a number of downloadable spreadsheets if you need some assistance with this part of the process, but just googling "planning your personal finances" will give you lots of resources to play with.

4. **Cut down on the expenses!**

The preceding two steps will have given you information on where your money's going... and chances are there are a lot of things you don't truly need or that you can be more frugal about. Eliminate unnecessary and luxury expenses and be more efficient about shopping for necessities. If you can't reduce your monthly expenses by 10%, you're probably not trying hard enough. (Remember, I said this wasn't going to be fun.) Reducing expenses is a good policy in general: go check out *The Millionaire Next Door* from the library for a lot of good ideas on things you can do.

5. **Identify how much money you need to be bringing in.**

Once you've got your finances laid out and have reduced your expenses, figure out how much money—or how much more money—you need to bring in every month to survive. Things might even be not as bleak as they first seemed: when you put a number down, it can make your goal more concrete and less daunting.

When you know how much money you need, you're ready to start looking for ways to get it.

6. **Don't panic.**

Panic leads to desperation, which can be the kiss of death to an otherwise successful job search.

7. **Update your resume.**

Whether you're freelance or captive, looking for a little work on the side or a whole new job, your resume should always be updated so you can give it out at a moment's notice to anyone. If you're not good at resume writing, enlist the help of colleagues who are. The STC's a good place for people who can help you do this. Also put together a portfolio: they're powerful tools for selling you as a candidate to an employer. The STC's a good place for that, too.

8. **Send your resume to everyone you know.**

Send your resume out to everyone you know and say "I'm currently looking for work" and a broad description of the things you're looking for. Ask them to forward your resume to people who might know of work and to let you know about jobs they're hearing about.

9. **Market yourself heavily.**

Go to STC and other professional meetings. (Bring your updated resume and your portfolio; you never know.) Sign up with several of the networking websites. My favorite is *www.linkedin.com*, but there are many others. Think outside the box, too: come up with non-traditional, off-the-beaten-path places to market yourself.

10. **Use job websites.**

Register on as many of the free job websites as you can. Post your resume and then update it slightly every couple of weeks: when you update your resume, it shows up again in the "new/updated resume" listings and you'll repeatedly bring yourself to the attention of companies and recruiters.

11. **Don't spend every waking minute looking for work; you'll burn out.**

Job hunting is exhausting, particularly if you're feeling a lot of pressure to do so. Take breaks from the process during the day and the week. If you're totally unemployed at the moment, use the off-time to do something constructive. Want to get the garage cleaned out at last? Break ground for a garden? Pick a project and set goals. (Have a structure to your time or it'll all trickle through your fingers. I'm not kidding.)

12. **Volunteer.**

One of the things you should do while you're out of work is volunteer. There are a lot of good reasons to volunteer. First, it's going to get you out of the house. This alone may be something worthwhile, because you're less likely to curl up in a depressive ball in front of the TV. Second, you're going to meet new people, which is always a good idea when you're looking for work. Third, and most importantly, you have a chance to do something for a cause you feel connected to. You can work to end world hunger, help out in a homeless shelter, donate time at your church, whatever you like. All of these add to the overall *communitas*. It primes the pump in the community, peoples' lives are improved a little because of this... and it frequently leads to new jobs and job opportunities.

With your job search in full swing, keep on keeping on.

13. **Don't panic.**

The bulk of marriages dissolve over money issues. If the job search is hard for you, it may be doubly hard for your significant other, who is stuck in the same boat but probably unable to contribute anything to your process. When you're running out of money, all your other problems

become more intense, too. Be gentle with each other: talk a lot and give each other a lot of hugs. Try not to snipe at each other.

**14. Keep in touch with friends.**

Your friends not only provide support and a place to vent outside your primary relationship, they're a likely source of job information. We're all in this together.

**15. Do what you can to maintain your health insurance and your disability insurance.**

Unexpected health expenses can sink you faster than anything else you're likely to run into. Even if you can't afford general health care, consider an inexpensive high-deductible catastrophic coverage policy for things like auto accidents. Also have some kind of disability insurance if you can: 30-50% of all home foreclosures are the direct result of an underinsured disability.

**16. Exercise!**

You can't really avoid stress when you're looking for work, but nothing busts stress like exercise. Even walking half an hour a day will do wonders for your health. And getting off your butt will provide a mental break from staring fixedly at the computer all day.

**17. Read Clason's *The Richest Man in Babylon*.**

Everyone should read this. It'll tell you in clear, simple English how to build up your savings. (Every time you find yourself saying "Yeah, but..." when you're reading this, put a sock in it. You're wrong, he's right, that's how it goes.) If you have a year's expenses saved, you're going to feel a lot less desperate and will be in a better position to ride things out. And start putting a little in savings now. You're in this pickle in part because you don't have enough money stashed away, so start taking action to prevent this happening again.

**18. Read Martin Seligman's *Learned Optimism: How to Change Your Mind and Your Life***

This is another book that everyone should read. Martin Seligman has identified the patterns related to being a pessimist and being an optimist. Being an optimist isn't just wandering around smiling all the time. It's a lot more about asking the right question to get what you want. Being an optimist lets you see ways in which you can work around obstacles. This subject is worthy of its own article. Or even a book: go buy Seligman's and read it.

And finally, above all else:

**19. Don't panic.**

When you're feeling desperate, breathe deeply and remind yourself that right now at this minute, everything is fine: no-one is hitting you with sticks, the lights and heat are on and there's food in the fridge. There are things to be concerned about, but take a moment to be in the present where you're safe.

Running out of money isn't fun, but it's possible to deal with it. Be very cautious about gambling on short-term gains that could work out to be long-term losses, such as living off cash advances on your credit cards. Be creative and persistent in your search for work. There is always more money on the money tree; it just may take a while longer to find it right now.

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