**For Immediate Release:**

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**Experiencing Loss of Income Can be Devastating**

When you have had a loss of income, it can be devastating. Now you face some very difficult financial decisions when your paychecks stop coming and you do not have enough money to cover your family’s typical living expenses. Spending habits must change when income is reduced (<https://extension.colostate.edu/docs/pubs/consumer/09157.pdf>) and prioritizing needs vs wants is going to be crucial. Remember to include your family in the decision-making process to determine which expenses are most important. It will take everyone’s cooperation in order to carry out the plans.

The first step is to figure out what your current income and monthly living expenses. The bills don’t stop coming; and you are still legally obligated to pay your debts. Before skipping a bill or making a partial payment, start by getting a complete picture of all your expenses and bills owed, monthly payments, non-monthly expenses that only occur occasionally, and interest rate or fees for late payment. (<https://njaes.rutgers.edu/money/pdfs/fs421-worksheet.pdf>)

Everyone’s situation is a bit different. But here are some tips for prioritizing spending according to how it will affect your family’s health and security the most. (<https://www.consumerfinance.gov/about-us/blog/planning-finances-uncertain-future/>)

Housing: First, pay housing-related bills. Keep up the rent or mortgage payments if at all possible. Failure to pay these debts can lead to loss of shelter for you and your family.

Basic living Expenses: Maintain vital services such as utilities and phone(s). Contact your utility service companies to see if you can make the minimum payment necessary to avoid disconnection. Missing payments on basic utilities and other debt can result in penalties, foreclosure, shutoff notices, etc. Secondly, consider reducing your food budget by adjusting what you purchase. For example, purchase low cost protein sources such as beans, instead of meat. Set aside adequate money for groceries; but be open to supplementing your food budget at local food banks. (<https://personal-finance.extension.org/stretching-your-food-dollar/>)

Transportation: Whether or not you are currently driving to and from work or looking for a job, car loans and leases will still be due. If you miss payments your creditor can repossess your vehicle without going through the courts.

Insurance: If you have lost your medical insurance, look for insurance options through the Affordable Care Act. (<https://www.healthcare.gov/>) Stay current on car insurance payments to avoid overwhelming expenses or liability from an accident. Home insurance policies are sometimes tied to your mortgage payments. However, if you pay separately for home insurance or renter’s insurance, this will be something to prioritize. Life insurance may be a benefit of your employment or a policy started years ago. Not paying life insurance premiums may result in raised rates when you reactivate them.

Taxes: You must pay any income taxes owed that are not automatically deducted from your wages. You must file your federal income tax return, even if you cannot afford to pay any balance due. The government has many collection rights above and beyond other creditors. Property taxes must be paid if they are not included in your monthly mortgage payment.

Child Support: These debts are court-required and will not go away. Nonpayment could result in very serious problems such as garnishment of wages, loss of driver’s license or jail time.

Student Loans: Pay student loans if you are able. If your loan is held by the federal government, your loan payments are postponed with no interest until September 30, 2020. For more information (<https://studentaid.gov/announcements-events/coronavirus>) For other kinds of student loans contact your student loan provider to find out more about your options.

**Use Credit Cautiously**

Remember to use credit cautiously to pay bills during this time. If your loss of income has left you unable to pay all your bills, be sure to communicate with financial lenders and creditors to explain how COVID-19 has caused your income situation to change. Avoid the temptation of making financial commitments you are unable to keep in the future.

Consider requesting these options:

* Reducing your monthly payment amount
* Reducing or dropping charges for late payments
* Refinancing the loan at a lower interest rate
* Paying interest only on the loan until you can resume making monthly payments
* Requesting permission to sell the item and use the cash to repay or partially repay the loan

**Small Unnecessary Expenses**

Even small amounts of money add up. Trim your spending on such items as coffee, take out lunches, etc. Self-control and careful planning are essential when you have loss of income. Be creative and involve your family in looking for free entertainment and affordable recreation. Adhere to the frugal advice, “If you don’t need it, don’t buy it.”

Above all, keep an open mind and consider all options when dealing with your current situation.

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