

Coping With a Money Crunch: Home Management When Your Income Drops¹

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Stretching money to meet your needs and goals is always a problem. When your income drops, it's even harder to make decisions about home repairs and purchases. Some things you safely can postpone. Other problems need action right away.

- Try to avoid all uncritical purchases.
- Don't run up lots of bills.
- Think about borrowing, bartering, and buying used items.

Keep Your Spirits Up

Listed below are some ways to keep up your spirit, as well as your home during this time.

Repair small items. A little inexpensive sprucing up can give you a needed mental lift. You'll probably be at home more during this time. Don't make a career of home improvement, but do a few little things for your own sake. Do them when you would ordinarily do them, nights and weekends mostly, with an occasional daytime effort. Days are for job search, and weeks and weekends should

remain in the rhythm you've developed during your working life and the one to which you'll return very soon.

Plant something. Plants and gardening can help lift your spirits. Window boxes and community gardens make gardening possible, even for renters. Many communities now have land that you can use free or almost free for gardening -- just be sure they're nearby or you could spend too much driving out to weed and water.

Keep your home clean and neat. You may want to let everything go when you are feeling discouraged about finances. Resist this urge. Keep your home clean and tidy to maintain a positive attitude. You can save money on cleaning supplies by using homemade cleaning products.

Take a household inventory. You take a personal inventory to help with your job search. Take an inventory at home too! Get things in order. Get rid of unused, unwanted things. Some ways to do this:

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- Sell them
- Give them to friends or family
- Offer them to people through a free classified ad in the paper or group that organizes recycling of household goods
- Offer them in exchange for something you do want
- Donate to your place of worship or a charity. This will possibly give you a tax deduction.

Minimize Your Household Costs

Cut Your Utility Costs

It's especially important to cut your utility bills when you have lost income.

Here are some ideas to review:

- During the winter, lower your thermostat setting to the lowest comfortable level, about 68°F (20°C). Every degree you lower the thermostat, you can save about 4 % on your heating bill in most north Florida communities.
- Clean or replace the air filters about once a month. This helps your system use less energy.
- Air conditioning in the warm months is also a big energy consumer. Set the thermostat no lower than 78° or 80°F (26°C).
- Use fans to be comfortable with a minimum of air conditioning.
- Buy or make an insulation jacket for the water heater.
- Use cold water to wash clothing
- Line dry clothes if possible
- Wash and dry full loads of laundry
- Keep washer and dryer filters clean.
- **In the kitchen:**
 - Cook foods on high heat at first; then reduce the heat to the lowest possible setting for cooking.
 - Use the oven for complete meals -- don't heat your oven for just one item.
 - Use timers and thermometers to keep track of cooking time.
 - Open the oven door only when necessary.
 - Turn off burners and the oven promptly when food is cooked.
 - Use portable appliances such as electric frying pans and toaster ovens since they don't take as much energy to heat. Use your microwave for cooking instead of your stove. Crock-pots are also low energy users.
 - Operate the dishwasher only with a full load of dishes.
 - Let the dishes in the dishwasher air dry. Use the automatic air-dry switch if you have one or turn off the control knob of the dishwasher after the final rinse.

Check with your county Extension office to obtain additional information on reducing energy use.

Making Major Repairs

Make necessary major repairs for problems like leaks in the roof of your home, by:

- Patching it or having someone patch it on a temporary basis.
- Using a referral from friends to find someone who will do the job well at a lower price
- Making your own repairs with the help of some friends
- Bartering; that is, giving something you can do in exchange for the repair service you need.

Bartering or Swapping

Barter or swap for things your household needs or wants when money is short.

Swapping services: Suppose you are skilled with car repairs or interior painting and you want some help with laying tile, hanging wallpaper or

making curtains. Check with family, friends, neighbors, and find someone who wants what you can do. When you find the person, write up all the details of the swap very clearly. Each participant signs the agreement so there will be no misunderstandings or problems later.

Extended swapping: Maybe you don't have skills that exchange easily. Try something like this. A woman in the next block will make curtains or do other sewing, but needs her lawn mowed. Your children can contribute their time and work to the family effort through a swap. The kids will have their own agenda for making the best of the swap; perhaps their efforts will enable you to buy something the whole family wants.

Consider Your Options

If you need to replace a major appliance, consider your choices.

Some alternatives to making a new major purchase:

- Borrow an appliance from a family member or friend.
- Rent or lease an item from a "U-rent" store. Compare costs and contract terms carefully to get the most for your money.
- Buy an inexpensive, used model through the newspaper, a friend who knows about such things, or through a garage sale.

Make Money From Household Goods and Services

Have a garage sale. Sell good quality items you no longer need to bring in extra cash. Your junk may be another person's treasure. Try a cooperative garage sale with friends, family, or neighbors.

Consider temporary room rental. Rent a room in your home with access to a kitchen and use of a bath if the size of your home and laws permit it. Be very careful about people to whom you rent a room. It's best to get roomers through family and friends. Check for the tenant to have secure finances. Talk to the person at length. Describe your family's lifestyle,

your needs (you go to bed at 10 p.m. and need quiet) and the tenant's needs (she/he works until 12 p.m. and needs to get into the house late). Work out all details carefully. Put the agreement in writing so everyone has the same understanding.

Consider Carefully Before Selling Your Home

Things may be so tight financially that you find it impossible to meet house payments, taxes, and utilities, even after you talk with the banks, utility companies and other creditors to temporarily reduce your payments. Think carefully before selling your house. It may be a severe mental blow to you to sell at this time. Your house could represent the security you have worked hard to build.

Consider whether the house will sell easily. Is it too large for your family? Will a smaller place suit your family better? Then decide. It is unlikely you will be forced to sell your home.

The costs of moving out and settling for an apartment at a seemingly lower price might be costly in transaction costs, such as moving charges and repairs. Borrowing with the equity you have in your home as collateral is another possible alternative to consider, but again, compare costs, obligations, and contract terms carefully.

Making Decisions Carefully

Postponing household purchases and home maintenance if you're unemployed or have a reduction in income for some other reason is common advice. In most cases, that's still good advice.

But, things do break and wear out. Minor things can be very annoying, when stress is a major factor because of unemployment. Improving little things around the house may perk up your outlook a lot. Consider choices carefully before making decisions about household spending.