

Dealing With The Recession

RECESSION

Empower
your
life

I have noticed an increase in calls over the last few weeks from executives and entrepreneurs who are worried about their fate in this economic climate.

Below are 8 Steps to increase your chances of survival

Step 1 - Take Time Out And Plan...

With talk of an economic recession or downturn looming, you shouldn't wait until later to decide what to do. Begin planning now for the possibility of things getting worse. Now a recession is an economic term that means 2 consecutive periods of negative growth. In other words, GDP falls twice, one right after the other.

The feeling of a recession, which is a period of economic decline and slow down is very real. In other words, it feels like a recession and we're suffering. So I say to forget the technical definition and look at things from your own perspective.

If you feel you're doing all right financially, then plan ahead for the possibility things take a turn for the worse. And if you're already suffering financially, then start thinking about how to handle it if it lasts longer or gets worse.

Step 2 – Talk To Others

An economic downturn, slowdown, and recession effect many people! So take some comfort in knowing you are, by far, not alone. The reason I mention this is to help ease your level of stress. If you're suffering financially, others are too!

But to survive, you cannot brood over it and let it take over your life. Why not? Because that will make you even more depressed and does more harm than good. So just look at it from the perspective that others are in the same position and life goes on.

The economy goes through ups and down, so we all in our lifetimes go through this.

Step 3 Know Your Income and Expenses

There are many of us who know how much we're bring home in pay and other sources of income. But lots don't realize how much they're spending on things. Yes, we know the major expenses like: rent or mortgage payments, utilities, and car and student loans. But the little ones can really eat up your savings and take-home pay!

Make an accurate list of what you take in (income) and exactly what you spend it on (expenses). And track all your expenses, not just the biggies.

This means including things like: coffee, partying, movies and rentals, gas, etc. As are the ones that really add-up and eat into your savings. Most people are shocked really spending when they see this list. You wouldn't do this with your business, so personal finances.

Step 4 – Debt Really Is Your Enemy

Debt is money that you owe, meaning bills. Now there "good bills" and "bad ones." The good ones are those that are necessities, like rent and utilities. In order to live, you have no choice but to spend money on these. But where we get ourselves into trouble is with the bad ones. These are the luxuries such as the finance deal on the new sofa, buy now pay later, the new TV for Christmas, "its only £100 per month"....

And credit card debt is the true evil that gets most of us into major league trouble! We tend to look at it as "free money." In other words, it's not our money, it's the credit card's! So we'll very easily overspend and live way beyond our means. So control your credit card debt. If the credit card company wants to raise your limit, don't go out and spend it. Just because you have a £2000 limit doesn't mean you have to spend it. Only use it when absolutely necessary! Keep them as a back up if things really go bad.



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Step 5 – Your Personal Account – Debit Cards

As opposed to credit cards, debit cards work a bit differently. The major difference is that they aren't loans like credit cards! When you use a debit card, money is taken out directly from your bank account. So if you don't have it in your account, it's unavailable. This gives people a huge dose of reality and helps control spending. Why? Because you won't spend it if you don't have it. And you'll very easily see your balance dropping when you do use it.

With credit cards, you don't have to worry about money being taken out of your bank account immediately. Nor do you have to pay the full amount when the bill comes. You can pay the minimum. And that's how you get yourself into financial trouble. Because you look at it this way! And of course, credit card companies will raise your limit even if you have lousy credit and way overspend. Why? Because you'll pay the minimum and drag it out for 100 years of outrageous interest rates! So you're like gold to them. Don't fall for it and cater to them!

And if you have a debit card with the Visa or Mastercard logo, then they work just like credit cards in the sense that stores can swipe them as they would a credit card. In addition, you can withdraw money from ATM machines without the cash advance fees associated with credit cards. And many banks don't charge ATM fees if you use your debit card at their branches. This helps save you even more money!

Step 6 – Set A Plan To Repay The Debt NOW!

Let's say you have £5,000 in credit card debt and pay £50 a month towards it. If you increase your payment, even a little bit, you'll save lots of money in the end! And that's because the interest you're accruing is being reduced. You see, it's not the £5,000 that's the trouble. It's the never-ending interest being added to it that really gets most people. And even with a low interest, you're still accruing it and paying on it every single time you send in a partial payment. So increasing your payment amounts by a little or a lot more will cut your interest and get you paid off much sooner!

And this same principle applies to all forms of debt: car loans, student loans, personal loans, etc.

With debit cards, you don't have to worry about this because no interest is accruing! When you use the card, the full amount is immediately deducted. So if you spend £25, then £25 is taken out.

Step 7 – Better Your Home Life

You'd be surprised at how much you can save by eating in! It's far less expensive to buy food at the store and cook it at home than to eat out. Now by buying food, I don't mean a meal and then reheating it at home. I mean buying packaged goods that you'll cook. In other words, things like: soups, pasta, meat, fish, veggies, etc. And if you buy in bulk the things you really like, that will save you even more money.

Enjoy, going to the supermarket, and look at the specials at the deli counter, you will be surprised how many "quality" fillet steaks you can pick up, make certain "nights" your night to cook. Use your imagination and keep to a budget. "M&S weekend meal for 2" awesome deal even includes a bottle of wine... So you'll save a good deal of money by eating more at home. Now I'm not saying to eat in all the time, unless you want to. Just swapping 1 home-cooked meal for a non-home-cooked one will save you money. You can do the same with work. Instead of eating out every day, bring your food once in a while or each day. Make pasta at home the night before, take it to work, guarantee others will follow the suit..

Step 8 – We All Love Coffee

I recently worked out that 2 coffees a day on average at my local C*t*a was costing me a whopping £2000 per year, but taking an "expensive jar coffee" I could save over £1500 per year alone on coffee. In other words, there are many ways to cut down the amount you spend on drinks. And every little bit you save helps you ride out the economic hard times! Remember, it's the little bit you save here and there that really adds-up to lots!

If you are serious about securing your future please call us on 0845 194 9644