

## **Shutdown Economic Crisis Survival Manual**

### *How to make it through the government shutdown*

As the government remains shutdown, many Americans throughout the country are scrambling to make plans in case the situation continues for the foreseeable future. The shutdown of the federal government has the potential to affect many groups of people, from Department of Defense and other government employees and contractors, to servicemembers and veterans.

During this event, there are steps that people in any of these groups can do to make the situation more manageable until a resolution is found.

#### **Unemployment Benefits**

Unemployment benefits, which are also known as unemployment insurance, are benefits that can be received by not only people who are fired from their job, but also workers who have been furloughed during the government shutdown. The amount of unemployment benefits an individual can receive, as well as the length of time they can receive these benefits is largely dependent on the state in which they live. In order to determine your eligibility for benefits, use the following map, which has a state-by-state breakdown of how to receive benefits, and other details:

<http://www.servicelocator.org/OWSLinks.asp>

The U.S. Department of Personnel Management says that it is possible for furloughed employees to be eligible for unemployment compensation, although some states require a 1-week waiting period before a worker may be eligible to receive these payments. The general rules stipulate that the law of the state where an employee's last federal civilian service position was located is the state that will determine that person's eligibility for unemployment. Workers who receive a furlough notice should contact their state unemployment office to determine their eligibility. In some states, furloughed federal employees have to file over the phone, as opposed to applying online. It's also important to note that if a furloughed employee is given back pay, they are responsible for the repayment of overpayment that occurs as the result of employment benefits.

#### **Covering Housing Expenses**

For federal employees and other people impacted by the government shutdown, if it becomes apparent you're not going to be able to pay your mortgage or rental costs for a period of time, it's important to be proactive and take steps to help alleviate these burdens, at least in the short term. One possibility is to contact your mortgage lender and explain the situation that's happening. Many lenders have temporary or even permanent loan modification programs that you may be able to take advantage of. Often these programs are forbearance options, which means homeowners can get their loan payments suspended or reduced for a particular amount of time, in order to address a temporary financial hardship.

There are also other programs, including the "Making Homes Affordable Program," and some mortgage holders may be able to qualify for help using this program. It's important to ask your lender about these options.

For renters it may be necessary to contact your landlord and work out a rent payment plan that addresses your financial hardships that have resulted because of the government shutdown. Many landlords are

willing to work with renters when they're proactive and take the necessary steps to work out a plan before it becomes too late, or before they're already behind on rent.

### **Making Credit Card Payments**

For many Americans, credit card bills represent a significant portion of monthly expenses, and if you're someone who's currently being impacted by the federal government shutdown, aside from your rent or mortgage, your next big concern may be how you're going to pay credit card bills. There are a few things to consider:

1. Credit card payments should not take priority over paying home loans, auto loans and student loans. Cars can be subject to repossession and homes can be foreclosed on, whereas the consequences will be less severe for not paying a credit card payment on time.
2. Ask your credit card company about grace periods. Many card companies do offer grace periods for people who are in a financially difficult situation, so you may have a few more days to pay before you're stuck with big penalties.
3. Contact your credit card company about reducing your minimum payments for a period of time. Explain to them it's the result of the government shutdown. Many credit card companies are happy to work with borrowers, if they're forthcoming about the situation and take steps to fix it.
4. Another option for dealing with credit card debt is to open a new card with a lower interest rate, and transfer the balance of your other cards. This may help you consolidate your debt and pay less money in interest rates.

### **Dealing with Other Financial Issues**

As well as these major payments, there are other issues that may arise during this time. One payment many people have to contend with is an auto payment. If you feel you won't be able to make this payment on-time, contact your lender well in advance and discuss loan modification and financial hardship programs that may be available. Every financial institution is different, so ask what the best option is for your situation.

If you're not being paid during this time, you can also save money and pay other bills by taking advantage of local community-based resources that provide food, such as food banks and local churches. These are organizations that are designed to help people in emergency situations, including a government shutdown. If you have children, you may want to consider taking advantage of WIC, which is a federal program that provides food to families in need.

For anyone who's affected by the shutdown, it's also important to develop reasonable household budgeting options that will address the situation. It's a good time to scale back on unnecessary expenses, and consider cutting monthly bills, such as cell phone bills, cable bills and internet bills. Contact your service providers to discuss cutting options from your plans that are unnecessary. While this may be a temporary solution, you could find that it's something that will benefit you even after the government shutdown is over.

### **Take Advantage of Tax Breaks**

Regardless of your situation, if you're unemployed or have been unemployed, you may be eligible to take advantage of some tax breaks. For example, out-of-work job seekers can deduct a number of expenses,

from what is spent traveling to interviews, to the costs of printing resumes. Also, the IRS offers a grace period for unemployed individuals that allows them to have extra time to pay their taxes without penalties. Also, if you turned to freelancing or working for yourself to make extra money during this time, you can deduct expenses associated with self-employment, such as your home office or the cost of certain meals.

As well as grace periods, the IRS is also providing tax payers with the opportunity to spread out their payments in more manageable installments. If you're worried about your ability to pay your taxes, the IRS will work with you to create a payment plan, as long as you're proactive and express your interest to work with them.

### **Conclusion**

The shutdown of the federal government has been a trying time for many Americans, but it's important to do careful planning in order to work through the situation. From budgeting to contacting lenders about payment plans, there are ways to navigate the shutdown, while remaining afloat financially.

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