

Been made Redundant? Follow the Money Mentor's plan to keep your finances afloat!

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Considering the current economic climate, many people are finding themselves cut loose from their corporate providers. Being made redundant is never an easy position to be in and it's extremely important that people make good use of the time they are still covered by their salary and redundancy payments. In an ideal world you should have built up a savings pot equivalent to 3-6 months of your net salary but many people today have little or no savings to help in such situations...

However, there are many positive steps that you can take if you find yourself in this situation; it's simply a matter of setting priorities and objectives. Below, Michael Taylor, the Money Mentor outlines the first of many steps you should follow if you find yourself in this difficult state. The first priority is financially surviving from your last payment to the first payment from your new job.

Step One: Find out from the human resources manager what notice period you are being given and what the redundancy payment represents (statutory redundancy is usually one weeks pay for every year of service completed but some organisations are more generous). Also find out what money you will be receiving tax free, it may be worth while speaking to the Inland Revenue Agency.

Once you have this information you will need to pull together a list of debt commitments (mortgage, loans, higher purchase, credit cards and overdrafts) and any savings and investments. When listing these debts you should put them in order of priority as follows: mortgage/rent/secured lending, higher purchases, personal loans, credit cards and store cards. The reason for the above order is that should you find yourself unable to keep up with all of your debts, you should always pay the debts that relate to keeping a roof over your head before they pay any unsecured lending. Michael has had a few experiences where people have kept up credit card payments to the detriment of paying their mortgage and lost their home in the process.

Should you find themselves in difficulty with keeping up payments you should speak to their creditors as soon as possible. It may be possible to have a payment holiday or come to an arrangement while you get yourself sorted. Do not hide or ignore any creditors as they will just assume you're avoiding repaying the debt and act accordingly. If you have any insurance policies for income protection on any financial agreements you should pull this information together and find out what you are entitled to. Additionally you should check to see what benefits you might be entitled to such as unemployment benefit, housing benefit and tax credits.

For more steps or more information please contact Natalie @ natalie@fullportion.com or call 0845 225 1500

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