

Last update: March 22, 2007 – 9:21 PM

## The rainy day is here

When job-security jitters hit, it's time to take some serious steps to relieve the stress on your finances.

**By Kara McGuire, Star Tribune**

### **Warning: The following column is completely self-serving.**

I've been a reporter since 2000, and my industry has changed quite a bit in that short span of time. While newspapers are attracting lots of new readers on the Web, most papers are losing subscribers. That shift translates into lower revenue and at many places, fewer journalists.

Seven years of experience doesn't buy you much seniority these days in the struggling newspaper industry.

At 29, I theoretically should have an easier time finding another gig or switching careers than, say, a 50-year-old. At the same time, I love journalism and hope to remain in my chosen field.

I am not alone. There are (or were) nervous workers at the big auto companies, subprime lenders, home builders, real estate brokers and all the other industries that Wall Street has placed on its "out-of-favor" list.

And now that the job-security question has hit home, I wonder: Should I be doing something to prepare for a pink slip that might never arrive in my mailbox?

Absolutely, said Nate Wenner, a financial planner and investment consultant with Wipfli Hewins Investment Advisors in Edina.

"You don't want to obsess over it," said Wenner, who is also a spokesman for the Financial Planning Association of Minnesota. "But you don't want to be caught off guard. There are some rational things you can do to prepare yourself both mentally and financially."

### **Take stock of what you have and what you owe.**

Sounds pretty basic, but any plan begins with an honest examination of your assets -- home, car, investments, savings -- and debts.

"You need to have some reasonable idea of your cash flow," Wenner said.

It's also a good idea to beef up -- or start -- the rainy-day fund. That sounds like a no-brainer. But in a nation where the savings rate is below zero, younger workers like me are more likely to get a new credit card than to stash some extra cash.

If you own a home, establish a home equity line of credit before anything bad happens. But be careful not to use that as your rainy-day fund, Wenner said. Instead, think of it as your "backup to the backup."

**Trim where needed.**

No need for across-the-board cuts yet. But gradually reducing your expenses over time not only will save you some money but also soften the blow should that regular paycheck no longer arrive or shrink substantially.

I recently canceled my premium cable package. That saves me about \$50 a month. (But I do miss "Entourage.")

**Let's do lunch.**

I'm not suggesting you mass e-mail your résumé on company time or equipment. But a little discrete networking never hurt anyone.

Start with professional organizations in your industry. College alumni groups are also a good source for leads, said Dave Jones, a Twin Cities career coach and consultant. After all, they need their members to remain employed so they can still donate money.

If you are thinking about switching careers, now might be a good time to consult a career coach or take an aptitude test to see how your skills might translate into a new profession. Jones told me that journalists' skills of writing and editing can easily lead to other opportunities like publishing or public relations.

"You need to manage your career," Jones told me. "You don't want your employer to manage your career."

**Not all debt is equal.**

It might sound like a good idea to pay off your bills. But Wenner said it depends on which debt we're talking about. It doesn't make sense to pay off huge chunks of your student loans that are already at low interest rates and are tax-deductible. You might even be able to defer repayment if you lose your job; check with your lender. So you're better off putting that money into the rainy-day fund, he said.

Credit cards are another matter. I got a big tax refund this year and instead of blowing it all on a vacation as usual, I actually paid off two credit cards. Wow!

**Look for new income sources.**

Many people consider their day jobs their sole source of income. But if you have the time, skill and will, you can temporarily rent your skills to other employers and make a little extra cash. I once wrote a piece for a newsletter geared toward agricultural investment bankers. Not exactly gripping material. But the publication paid \$500 for an 800-word article.

Doing some extra work on the side will not only generate income, Wenner said, but could generate future opportunities if the layoff ax finds its mark.

Thomas Lee • 612-673-7744

©2007 Star Tribune. All rights reserved.