



Consumer **Credit Counseling** Service

Ways to Recession-Proof Your Life

Are you worried about how a recession might affect you? You can put your fears to rest because there are many everyday habits the average person can implement to ease the sting of a recession, or even make it so its effects aren't felt at all.

No. 1: Have an Emergency Fund

If you have plenty of cash lying around in a high-interest, Federal Deposit Insurance Corporation (FDIC)-insured account, not only will your money retain its full value in times of market turmoil, it will also be extremely liquid, giving you easy access to funds if you lose your job or are forced to take a pay cut. Also, if you have your own cash, it won't be an issue if other sources of backup funds dry up, such as a home equity line of credit.

No. 2: Always Live Within Your Means

If you make it a habit to live within your means each and every day, you are less likely to go into consumer debt when gas or food prices go up and more likely to adjust your spending in other areas to compensate. Debt creates more debt when you can't pay it off right away. Also, if you have a spouse and are a two-income family, try and see how close you can get to living off of only one spouse's income. That way, in bad times, if one spouse gets laid off, you'll be OK because you'll already be used to living on one income. Your savings habits will stop temporarily, but your day-to-day spending can continue as normal.

No. 3: Have More Than One Source of Income

Even if you have a great full-time job, it's not a bad idea to have a source of extra income on the side, whether it's some consulting work or selling collectibles on eBay. With job security so nonexistent these days, more jobs mean more job security. If you lose one, at least you still have the other one. You may not be making as much money as you were before, but every little bit helps.

No. 7: Keep Your Credit Score High

When credit markets tighten, if anyone is going to get approved for a mortgage, credit card or other type of loan, it will be those with excellent credit. Things like paying your bills on time and keeping your ratio of debt to available credit low will help keep your credit score high.

Conclusion

The best part about these habits is that they won't only serve you well during times of recession - they'll serve you well no matter what's going on in the market. But if you implement these financial strategies, a recession is less likely to have a significant effect on your financial situation.

Courtesy of Amy Fontinelle on Yahoo.com