

# Preparing for change - redundancy



Life is full of changes; some we choose and some happen unexpectedly. Many have a financial impact, which can throw us off course if we aren't well-prepared.

Recently, many households have had to deal with changes in how they work and, in some cases, changes in income due to furlough. Some now face further loss of income through job redundancy.

There's no doubt that redundancy is a life-changing event. For some, leaving full time employment can be a positive choice that opens up a new world of opportunity. For others, it can be an unexpected and unwanted change.

Planning ahead and taking action now, may help reduce some of the financial stress if a member of your family faces redundancy in the future.

## Set up your contingency savings

It's a good idea to have contingency savings set aside for any unexpected financial setbacks. Start by aiming to have a contingency savings plan equivalent to one month's income. Though you might want to think about how long you could survive if you lost your job tomorrow. It's ideal to have at least three month's income saved to prepare you and your family for the unexpected. As well as contingency plans, there are other, smaller ways you could save through [savings swaps](#).

## Know your budget

If someone in your household loses their job it's important not to carry on living the same lifestyle, as if nothing's changed, until the money runs out. Immediate steps are necessary. And to do that you have to know exactly how much day-to-day living costs.

You'll probably be surprised how much you spend each month on the basics. How much does rent/mortgage, household bills, phone, car and food shopping cost in total each month? Now reduce that down to just the essentials, just the things you truly need like your home and food. [Taking control of the day-to-day](#) now can help you be prepared for the future.

## Consider insurance

If you own a property, it's a good idea to consider taking out insurance that'll pay the mortgage for you for a short time if you're out of work. Mortgage protection is usually offered when you take out a home loan. It can be difficult to get later. That's because those who want it are usually those who think their job could be at risk and this sets off alarm bells with the insurance companies who envisage themselves paying out thousands of pounds in the not too distant future.

When considering mortgage protection, check your eligibility carefully. If you're self-employed, on a fixed-term contract, or new to your job you may not be able to claim. These clauses are unlikely to be highlighted in red ink, so make sure you take time to read the small print carefully.

## Set up some longer-term investments

This is a good idea for everyone. If you have some [big goals](#), maybe you want to change career, take a year off or take a break to have a baby, for instance, having a little more set aside will keep you on track. You'd be surprised how a small, but regular payment into a fund will pretty much go unnoticed each month. If you don't fancy higher-risk stock market-based investments, slip a little away into a savings account each month instead.

A top tip for saving and investing is to treat it like you are paying yourself - open a separate account and set up a regular standing order to divert savings as soon as you get paid. Don't touch it and it'll add up nicely over the long run.

## Last but not least, stay positive

Redundancy is a life-changing event. No one who has been in this situation will deny it puts considerable strain on themselves and their loved ones. We all know the potential impact of stress on our physical and mental wellbeing. Planning ahead can alleviate some of that stress and help maintain a positive mindset.

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