



Lutheran



Job Search Network



Controlling Your Expenses During Your Job Search

**November 29, 2010
Park Ridge, Illinois**

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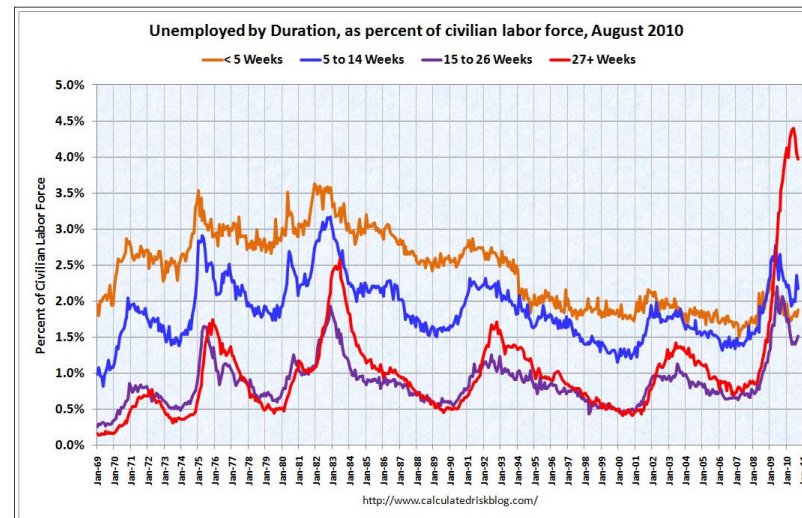
Today's Agenda

- Job Search – “The New Normal”
- Unemployment rate stubbornly high through 2013
- Job search length – 12+ months
- Estimate the length of your job search
- Budget for a job search that is 1.5x longer than your estimate
- Create interim income to stretch your savings
- Estimate new income level for interim job
- Budget exercise



Job Search – “The New Normal” - October 2010

- National unemployment rate at 9.6%
- Illinois unemployment rate at 9.8%
- Number of unemployed people in USA was 14.8 million
- 42% or 6.2 million unemployed people were jobless for 27 weeks or more
- There were 1.2 million “Discouraged Workers” up by 411,000 from October 2009 (Defined as persons not currently looking for work because they believe no jobs are available for them.)



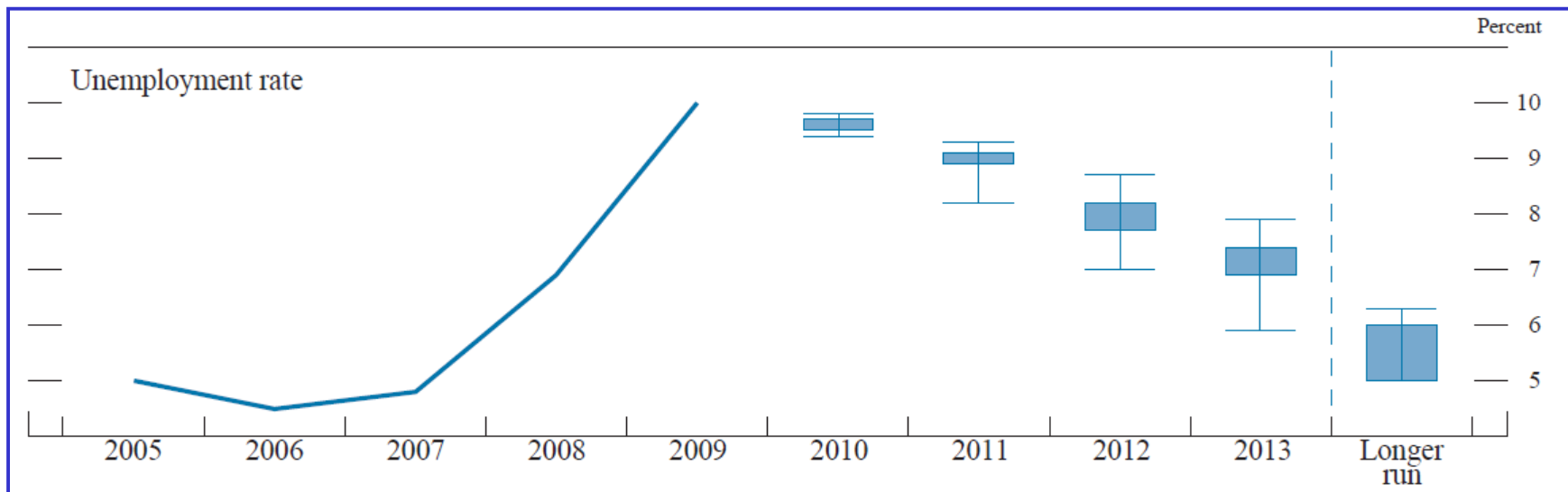
Source: Bureau of Labor Statistics – [www./bls.gov](http://www.bls.gov)

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Job Search – “The New Normal” - October 2010

Unemployment rate may be stubbornly high through 2013!

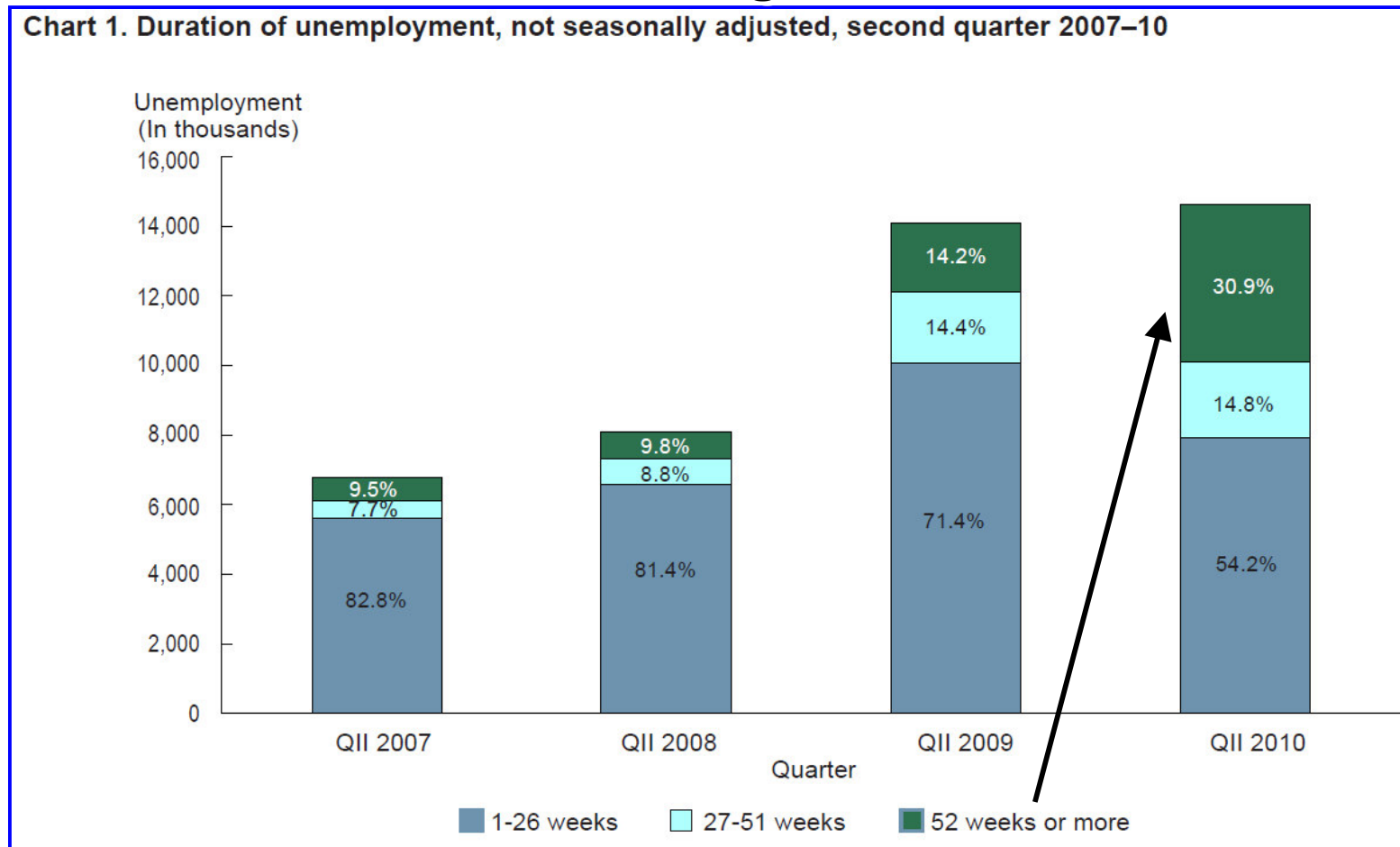


Source: Minutes of the Federal Open Market Committee November 2–3, 2010
www.federalreserve.gov/newsevents/press/monetary/fomcminutes20101103.pdf



In April to June 2010 31% of 14.6 Million Unemployed Were Unemployed for 52+ Weeks 99 Weeks of Benefits Shrinking to 26 Weeks on 11-30-10

Chart 1. Duration of unemployment, not seasonally adjusted, second quarter 2007–10



Source: Bureau of Labor Statistics - <http://bls.gov/opub/ils/pdf/opbils87.pdf>

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Estimate Length of Your Job Search

It is possible that many of us may spend 12+ months in our job search.

- This is the time spent in search of a rewarding position at acceptable pay levels
- From today until your first day in your new job, it is imperative to find any job that pays an hourly wage and if available, healthcare benefits.



Budget for a Job Search that is 1.5x Longer Than Your Estimate

If you are planning on a job search that may last 12 months:

You should consider budgeting your expenses at a reduced level of expense spending for:

12 months x 1.5

= 18 months



Create Interim Income to Stretch Your Savings



Sales Associate:
\$11+/hr



Crew Member: \$12+/hr

+ Benefits

- Medical, dental & vision insurance
- Company paid retirement plan
- 10% employee discount
- Paid time off
- Employee Assistance Program
- Free Trader Joe's shirts
- Disability Insurance

Are You
A Handyman??
\$50 for permit
\$1,000 for insurance



Cashier: \$7.50+/hr

- Medical, Prescription, Vision and Dental Plans
- An Employer Matched 401(k) plan
- Flexible Spending Account Plans (FSA)
- Optional Life Insurance Plans
- Short-Term Disability (STD)

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Estimate New Income Level For Interim Job

Company: Lowe's

Position: Sales Associate - Hourly

Hourly Pay: \$11.00/hr

Hours Per Week: 30

Weekly Pay: \$330

Annual Pay: $\$330 \times 50 \text{ weeks} = \$16,500$

Budget Exercise



Expense Category	Current \$\$\$	Future \$\$\$	% Reduction
Income before taxes	\$62,857	\$16,500	-74%
Housing	\$16,895	\$13,500	-20%
Transportation	\$7,658	\$5,000	-35%
Personal insurance & pensions	\$5,471	\$3,000	-45%
Food - At home	\$3,753	\$3,000	-20%
Healthcare	\$3,126	\$2,400	-23%
All other expenses	\$5,127	\$2,000	-61%
Entertainment	\$2,693	\$0	-100%
Food – Away	\$2,619	\$0	-100%
Apparel & services	\$1,725	\$900	-48%
Total expenses	\$49,067	\$29,800	-39%
Net cash flow	+ \$13,790	-\$13,300	-196%

Source: BLS - Consumer Expenditure – 2009 at www.bls.gov/news.release/pdf/cesan.pdf



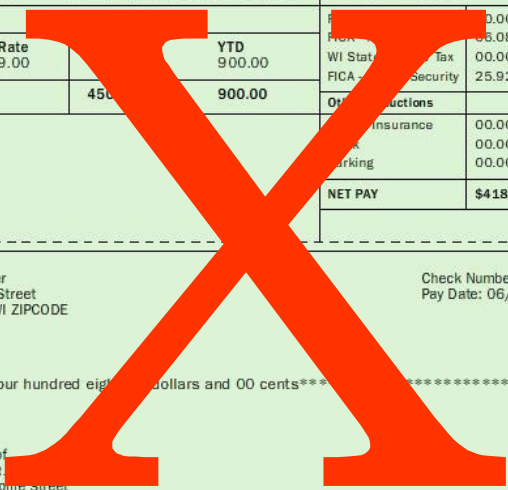
Budget Exercise

Minimize using money from savings and retirement!

Household Income Is Stopped

123 - John R. Doe			Pay Period 06/02/06 to 06/16/06		Required Deductions	
Earnings						
Hours	Rate	YTD	FEDERAL TAX	STATE TAX	LOCAL TAX	
50	9.00	900.00	0.00	06.08	12.16	
Gross Pay			WI State Income Tax	00.00	00.00	
			FICA - Social Security	25.92	51.84	
			Other Deductions			
			Health Insurance	00.00	00.00	
			Parking	00.00	00.00	
			NET PAY	\$418.00	\$836.00	

Your Employer 1234 Some Street Milwaukee, WI ZIPCODE		Check Number: XXXXXX Pay Date: 06/19/06	
PAY ***Four hundred eight dollars and 00 cents*** *****\$418.00			
To the Order of John R. 555 Some Street Milwaukee, WI ZIP CODE			



Household Expenses Continue



Weekly Living Expenses



Monthly Mortgage



Monthly Car Payment



Quarterly College Payment(s)

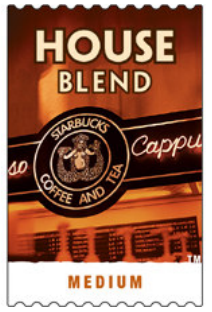


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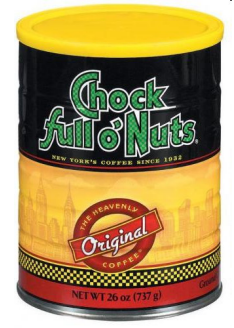


Budget Exercise

Groceries



Starbucks House Blend
\$0.62/oz at Starbucks



Chock Full o' Nuts Coffee + 69% Savings
\$0.19/oz at WalMart

Difference

Transportation



Cadillac Escalade
12 MPG – City



Camry Hybrid - 33 MPG
Chevy Volt - 93 MPG
Nissan Leaf - 98 MPG

275% - 792%
Operating Savings



Budget Exercise

Education



Difference

Out of State Tuition & Fees: \$24,233
 Room & Board: \$7,435
 Books and Supplies: \$1,040
 Personal Expenses: \$2,310
 Transportation: \$ 580
 \$35,598

\$3,638 Annually
 Living at Home
 + Working Locally

90 % Less
 Expensive

Housing



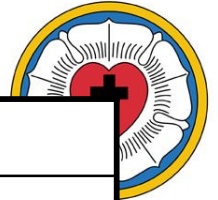
23 % Less
 Expensive

- Create space for senior citizen in your home
- \$550 income per month on monthly mortgage of \$2,400

Source: www.sublet.com

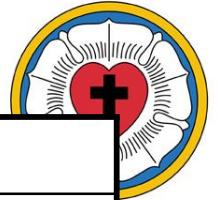
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Budget Exercise



Expense Category	Expense Reduction Ideas
Housing	<ul style="list-style-type: none">➤ Renegotiate mortgage if there is current employment in home➤ Increase deductible on homeowner insurance➤ Rent out room if you have spare bedroom➤ Charge adult child monthly rent➤ Turn thermostat down to 60 degrees in winter and wear sweater and fleece coat➤ Use space heater in room where you spend most of time➤ Reduce temperature of water heater
Transportation	<ul style="list-style-type: none">➤ Increase deductible on auto insurance➤ Reduce longer mileage trips
Personal insurance & pensions	<ul style="list-style-type: none">➤ Reduce life insurance level➤ Reduce pension and 401K contribution
Food - At home	<ul style="list-style-type: none">➤ Switch to lower cost brands➤ Eliminate non-essential foods➤ Switch retailers (e.g. Costco or Sam's Club)

Budget Exercise



Expense Category	Reduction Ideas
Healthcare	<ul style="list-style-type: none"> ➤ Replace branded with generic drugs ➤ Increase deductible on health insurance ➤ Get dental work done at Dental Faculty at university ➤ Take up walking for free exercise and better health ➤ Ask for Park District membership for birthday
All other expenses	<ul style="list-style-type: none"> ➤ Sell off unneeded stuff (i.e. boat, RV, swing set) ➤ Being in “Other” category may mean the expense is low value so take it to zero!
Entertainment	<ul style="list-style-type: none"> ➤ Attend free concerts & movies “In The Park” ➤ Take up walking with a friend
Food – Away	<ul style="list-style-type: none"> ➤ Reduce dramatically ➤ For occasional outing, choose less costly option
Apparel & services	<ul style="list-style-type: none"> ➤ Shop resale shop for near new clothing ➤ Reduce cable TV costs



Budget Exercise

Expense Category	Your Ideas!
Income before taxes	
Housing	
Transportation	
Personal insurance & pensions	
Food - At home	
Healthcare	
All other expenses	
Entertainment	
Food – Away	
Apparel & services	



Summary

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