Do These Things Now to Recession-Proof Your Lifestyle

You're going to need more than an umbrella for this storm.

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Corporate CEOs think a recession is looming, and so do many financial analysts. Necktie styles and other wacky recession warning signs also may be warning that things are about to get tough.

The economy has been expanding since 2009 but may be overdue for a recession, the way southern coastal states are considered overdue for hurricanes when they get lucky for several years.

The good news is you can prepare your home, career and family to lessen the impact from the next downturn.

Here’s our smart and simple guide to weathering a financial storm.
1. Never stop hunting

No job is safe from a recession — not even yours. It’s best to be prepared in case your employer is hit hard enough to start **cutting down staff**.

Keep your digital rolodex fresh by participating in networking opportunities outside of your company. Maintaining professional contacts at other firms will serve you well if you lose your current job.

Reviewing and updating your resume also is a good idea. Include any additional skills and experience you’ve gained, and make sure it’s formatted professionally.

2. Become your boss' MVP
When jobs are cut, many factors go into deciding who stays and who goes.

To increase your odds of staying employed in a recession, become the most valuable employee you can possibly be.

Show up on time, do your job well, be a team player and establish a pattern of reliability. A great track record makes it more likely you’ll stay employed when other workers have to be let go.

3. Shake off debt while you can

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Shake off debt that will become a bigger burden if you lose your job or your income is cut.
If you're carrying a lot of credit card or other debt, the monthly payments will become much harder to deal with if you do lose your job.

You may find yourself unable to make anything but the minimum payments — and the debt will only grow worse as the interest charges build.

Attack that debt now, while you have the income to do it. Make the largest payments you possibly can, and explore whether to consolidate your high-interest credit card balances using a personal loan or cash-out refinance.

4. Get a side hustle

侧差 is  aren't just for millennials. If you have experience in your field, working a few more hours a week on your own time will help you establish an independent income stream and build up your network.
Join Fiverr or Upwork and find paid freelance work in writing, design and other fields. Pro tip: Industry experts get paid more to write about or use the skills they know.

Or, you might want to expand your skill set by working those extra hours in a different field from your day job. For example, if you love animals and the outdoors, you could work your own hours as a dog walker or pet sitter through Rover.

5. Don't put too much stock in stocks

The last recession was ushered in by nosedive on the stock market. Americans' 401(k)s and IRAs lost $2.7 trillion in value in the 2008 Wall Street crash, according to the Urban Institute.

So, to protect your retirement during a downturn, make sure your account is diversified and not too heavily into stocks.

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Diversify your 401(k)
Always talk to a financial adviser before making major changes to your portfolio. Consider using an automated investing service like Wealthsimple that will automatically adjust your investments when the going gets rough.

6. Become an economics expert

There’s no surefire way to determine exactly how and when the next recession will happen, but you can catch certain warning signs by paying attention to economic news.

One major indicator is an "inverted yield curve," when interest rates on short-term government bonds rise higher than long-term bond yields. Normally, bonds with longer time horizons have better yields.

Duke University researcher Campbell Harvey says an inverted yield curve has predicted the last seven recessions. So, stay
in tune with economic news to ensure you
won’t be blindsided by a downturn.

7. Do a recession drill

We prepare for fires by doing fire drills. In
similar fashion, you can prepare for a
recession with a recession drill, to plan for
how you’d get by if your income got
reduced.

Start by writing down all of your spending
for an entire month, including your:
phone, housing, cable and utility bills;
groceries and gas; and spending on
nonessential items such as clothing, shoes
and jewelry.

Tracking your spending for even one
month can help you identify where you’re
overspending and build better — and
thrifter — shopping habits.

8. Identify areas for
spending less

https://moneywise.com/a/how-to-prepare-now-for-the-next-recession
Once you have an understanding of your spending habits, take a look at your list of expenses and identify the nonessentials that could be eliminated or reduced to make a smaller income stretch further.

Then, identify cheaper substitutes for the groceries and household items you purchase regularly.

Also, experiment by shopping at different stores. Prices can vary greatly between grocery stores and pharmacies, so change up your shopping routine and see how it impacts your bill.

9. Save, save and save some more!
In the last recession, millions of Americans became unemployed and stayed that way for a painfully long time.

You can manage a lapse in employment if you have enough money saved to cover your needs for at least six months. Take your list of monthly expenses, add them up and then multiply by six to find your emergency savings goal.

Working your side gig, cutting your spending on nonessentials or asking for more hours at work are all ways to funnel more of your income into savings. You’ll thank yourself later!

10. Treat your credit score like gold

Your credit score is your most valuable financial asset. Protect it with your life!
If the worst happens and you lose your job in a recession, you may need to take out a personal loan to make your house payment or cover an unexpected medical bill. The fact is, if you have bad credit, **you will not get that loan.**

If your score is already good, try to maintain or improve it before things get bad. If your score is poor, **work to improve it** as quickly as possible.

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