

Sudden Money Loss: A Seven Step Plan for Families on the Edge of a Financial Cliff

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Suddenly money loss can occur in a myriad of ways: You get fired; your house burns down; Madoff's Ponzi Scheme wipes you out; you own a small business, and your major vendor goes bankrupt, leaving you with a cash shortage, tremendous bills and nothing in the pipeline; your family's prime breadwinner becomes disabled or dies, leaving you unprepared and unprotected; your business partner dies unexpectedly; you suddenly lose your reputation, and/or your business does; a confluence of small bad breaks leads to the perfect storm.

However the crisis occurs, when it does, you can't believe it's happening to you. Your boat has capsized and you don't have time to look for a life jacket. With no preparations for the disaster and no time to adjust psychologically, you're overwhelmed by fear, anxiety, depression and shame. You're going to let your family down - they may not yet know that they are also in the capsized boat. You don't know what to do, how to think or where to go.

Finding that life jacket and figuring out how to get safely to shore is a process that may take years, perhaps a decade - you did not get into this suddenly and you will not get out of it suddenly - but there are things you can do to help you find your way back to shore:

1. Acknowledge that you are in crisis.

Your immediate response may be like Scarlett O'Hara's in *Gone with the Wind*: "I can't think about that right now. If I do, I'll go crazy. I'll think about that tomorrow." Although denying the incomprehensible is natural, it doesn't solve the problem. It paralyzes you. If you don't pick up that certified letter, don't answer the phone, ignore the beginning communications, etc., things will only get worse.

Calling your family in a state of hysteria will also not work. The blame game will begin. You may feel that it is your fault, that you screwed up and/or that others did - they spent too much money, did not support you, gave you bad advice and you didn't stand up to them. There are a million reasons to blame yourself, your lawyer, accountant, anyone. But what good does finger pointing do? You still have not acknowledged the problem and your part in it, and you are still paralyzed.

If you were in a major car accident, and you lost an arm, you would focus on only that: You lost an arm! You could not consider all the consequences to the rest of the system, let alone to your future functioning. You would get yourself to an emergency room a.s.a.p. Here, too, there is only one way out: acknowledge that you are in crisis and that you cannot think your way out of it by yourself.

2. Acknowledge your emotions:

Getting that notice will trigger shame, which is a horrible feeling, attached to embarrassment, especially when it comes to families. All the humiliations you have experienced during your life will resurface. You will be angry, at yourself and everyone else. You will feel like life itself has let you down. Your anger is a cover for sadness at your loss. Anger is more tolerable and easier to manage than sadness, which can be overwhelming to the point of paralysis.

These emotional reactions are normal. The trick is to face them. Once you do, they become less scary and you can think more clearly. You can move out of denial to problem solving to finding a solution.

The process takes time. You will go through a cycle - having an emotional reaction, dealing with it, attempting to solve the problem, finding a solution - again and again.

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3. Write it down.

Writing moves you out of paralysis. Without judgment, write down the feelings you are experiencing, e.g. "I am ashamed." "I am afraid." "I am angry." "I am sad."

Then write down your scary thoughts, e.g., "I am embarrassed to ask for help." "I have a hard time accepting that this is real." "I am feeling lost - I don't know where to turn." "I fear that I will be homeless." "I have let my spouse down and I fear the loss of his/her love." "I fear the loss of my reputation."

Now write down ten possible solutions or steps to solutions, no matter outlandish they may seem, e.g.:

1. *Call my lawyer/accountant/appropriate advisor.*
2. *What do others think possible solutions are? Search the internet; go to the library.*
3. *Who do I know who has gone through this?*
4. *Who can I talk to? Make a list.*
5. *Who can I turn to for help and support?*
6. *What are my assets and income?*
7. *What are my liabilities and expenses?*
8. *Can my kids help reduce my expenses by taking out loans on their cars and college tuitions, etc.?*
9. *Make of list of 10 tasks (phone calls, setting up appointments, filling out documents, etc.) that need to be completed each morning.*
10. *Check off each task of as you do it. Put the uncompleted tasks on tomorrow's list.*

Write these lists more than once, until you can't think of any more emotions or possible steps.

4. Share the information.

Talk about the situation with your family, your friends and those you trust. Of course it will not be easy to admit that you've failed - you may have been rash, ignored warning signs and taken unwise or extreme risks which have now placed you and your loved ones in danger. Even so, give them the information that you have and listen to what they have to say. It is only when you do so, that you will be open to their responses, including ideas for possible strategies and solutions.

The most important part of getting through this is knowing that you are not in this alone, that you're in a partnership. In fact, the strength of partnership is the single most determinative factor in your ability to navigate the course.

5. Pay attention to your physical, mental and spiritual health.

We all know that extreme stress - and sudden money loss certainly comes under that category - can take a toll on one's physical health. This is an excellent time to see your physician. Tell him what you're going through and get a check up. Get regular exercise, which, in addition to keeping you in shape is an excellent stress buster. Eat a healthy diet and take time to relax, in whatever way is appropriate for you - meditating, walking your dog or reading an absorbing book.

Your mental health is equally as important. If you're emotions are getting the best of you, (and it's both likely and natural that they are) consult a trained psychologist who can not only help you sort out your present thoughts and feelings, but can also explain to you how any shame or anger which you may have experienced in past situations are being triggered once again by this present crisis. The combination of present emotions and those triggered from the past can be paralyzing. Dealing with past events will make it easier for you to move forward.

Don't underestimate the power of spiritual counseling, even if you have never sought that advice before. Part of getting through this is forgiving yourself. You may need help doing that. A priest, rabbi or minister or other

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spiritual/religious advisor can help you navigate the storm. In addition to offering you wisdom and virtue, a spiritual advisor can help you deal with the impact that your actions have had on those you love and those that depend on you.

6. Assemble a team.

Putting together a team of financial and legal advisors will put you in a state of readiness to face the dragon.

The best lawyer for this situation may not be the one you normally deal with. A good general lawyer may be part of the solution but a specialized lawyer is essential. If you have creditor/bankruptcy issues, find a lawyer who specializes in that. If the crisis might lead to divorce, consult a divorce lawyer. If back taxes are involved, consult with someone who deals with the Internal Revenue Service. If you have been sued or must sue, consult with a litigation specialist or mediator.

If you were diagnosed with a serious illness, you would not consult with one physician to find a treatment. Similarly, if you are in the middle of a financial/business crisis you should not consult with one attorney. Interview several lawyers and pay them for their time. You will learn a lot in every two or three hour block. Most importantly, you will find the people with whom you are comfortable, whom you trust and to whom you can tell anything without feeling judged.

Your team should also include an accountant, financial planner, banker and credit specialist.

Keep in mind who would be the best candidates and how to find them. It is important that at least one of the persons on the team be totally independent from the crisis.

As you interview potential candidates for your team, you will begin to acknowledge the depth of the crisis and to confront reality. You will find that people who know that you are in crisis will seek you out. Friends who you never dreamed would care that much show up. Those who step up and support you may not be who you would have expected. Don't turn them down. Think about whether they would be right to talk to and lean on. There may be a very good reason they are showing up now. Be open.

Building your support network plan will not only put you in a state of readiness, it will also ensure that you won't fall into a crevice.

7. Act.

Armed with your support system, it is time to face the tough decisions and implement a plan. Even though you will still feel shame, anger, guilt, etc. do it anyway. With your team of advisors, write a business/financial plan outlining where you are now and how you will get where you need to be. Organizing your journey into discreet steps will make it less overwhelming and will make it easier to deal with the psychological issues as they arise.

In order to avoid falling back into the same hole, put safeguards in place. Choose your partners wisely, assess your risks for trouble and be aware of warning signs.

At the same time, be willing to make mistakes. It is far better to make errors of commission than to remain stuck in denial. If you get stuck, take simple physical actions, like cleaning your house, office or garage, which will clear your mind and help you feel like you are doing something positive. Above all, move forward.

Once you take action, the fog will begin to clear. As you are able to deal with the crisis and accept the necessary solutions, you will also deal with your emotions more effectively. You will discover who your friends are and why they are your friends. Your beliefs about the situation will change. And your sense of self will improve.

Be prepared to repeat these steps, (starting with the second one - acknowledging your emotions) more than once. As you do, you will find yourself moving in an upward, transformational spiral, continually making better and wiser choices, and coming closer and closer to resolution. Your plan and your solutions will continue evolve to a new place on your map, with new circumstance and new friends. As the situation resolves and transforms, continue to focus on the future. The progress you discover will be its own reward.