

Managing your finances if you're displaced

We have seen thousands of American workers faced with layoffs in the last several years. While never a pleasant situation, taking control of a life-changing event can help you alleviate some stress and concern.

At our firm, we know that in difficult times planning may be more important than ever. We work with clients to help them make the most of their retirement savings, tap all the resources available and avoid making financial mistakes that can be detrimental to their families and their futures. Our goal is to work with you during these challenging times and continue our relationship, no matter your life stage.

Putting a plan into place

The following tips have been designed to help you prioritize and focus on the various financial issues you may face. When sorting through the deluge of paperwork and materials from your former employer, it's best to address certain issues immediately, while others can be handled a bit later.



Steps to take now

Consider addressing the following topics as soon as possible:

- **Outplacement services.** Take advantage of outplacement services, if your company offers them. Outplacement agencies can assist you in preparing your resume and brushing up on your interviewing skills. Testing and counseling are often offered as well. The fact that the other clients of the outplacement agency are going through the same thing can help you build a support group.
- **File for unemployment benefits.** File for unemployment benefits as soon as possible to avoid delays when you become eligible for benefits. Your goal is to have your claim processed quickly, so be well informed of the rules and complete all the needed steps so your money will be there when you need it.
- **Change your tax withholding.** If you are married, consider having your working spouse contact his or her employer to reduce the tax withholding. You'll probably find you will owe less to the IRS at year's end with only one wage earner. *Please consult your tax advisor for more information regarding your specific situation before taking any action that could have tax consequences.*
- **Review retirement plan contributions.** Decreasing or discontinuing contributions to any retirement plan for you and/or your spouse may make sense if you are in need of additional income.

- **Maintain health insurance.** Incurring a major medical bill without being insured can create a financial disaster. Consider all your options. For example, switching over to your spouse's plan, converting the benefits under the employer's plan to an individual policy, obtaining a private policy, or continuing employer group coverage through COBRA. Certain employers will allow you to continue coverage for at least 18 months under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985). It is important that you contact your former employer to determine your eligibility for this benefit. Review the [U.S. Department of Labor dol.gov](https://www.dol.gov) for updates on these benefits. You may also want to review the Health Insurance Marketplace where you can comparison shop for a variety of affordable plans that may best meet your health care needs. Learn more at [healthcare.gov](https://www.healthcare.gov). Additionally, you might be able take a penalty-free distribution from your IRA to pay your health insurance premiums.
- **Continue life and disability insurance.** Find out if you can convert a group term life insurance or disability policy at work into an individual policy.



Next steps

These points should be considered over the next month or so:

- **Prioritize bills.** If you are a homeowner, while the first payment each month should be for your mortgage, we suggest that you contact your mortgage holder immediately should making timely payments be a problem. This debt probably carries your largest late charge and falling behind can mean foreclosure. There is much work being done around this issue, and you will want to be well educated on any programs available if you are facing the loss of your home. Utility bills should also be on your priority list. Contact utility carriers to determine what programs are offered to best manage these monthly expenses.
- **Create a budget.** Review your expenses and separate into needs and wants and cut discretionary spending. There may be some contracts that you could cancel — gym memberships, lawn service, premium cable, cell phone data plan, etc.
- **Manage your debt.** You may need to negotiate payment plans with your creditors if adequate income is a problem.

- **Review your insurance policies.** Contact your carrier if you have problems paying your premiums, but don't let your policies lapse. Canceling your policies can mean you'll be denied coverage in the future if you have a change in health, an auto accident or a fire.
- **Avoid these short-term cash mistakes.** Try not to take money out of your retirement accounts; the distribution is usually a taxable event and a 10% IRS penalty may apply. What's more, you will be losing the opportunity of having this money continue to grow tax deferred. Sell securities only as a last resort. If your investments have lost value you'll likely wind up selling at a loss; however, if you have gains you may end up with an additional tax liability. Consider pulling money from your emergency savings.
- **Outstanding loans.** Having an outstanding loan in your retirement plan can have an impact if you leave your company. The plan may give a short period of time (e.g. 30 or 60 days) to repay that outstanding balance. However, if not repaid, any amount is generally subject to income tax and possibly a 10% IRS penalty. The 10% penalty will not apply if you are age 55 or older (age 50 or older for certain public safety employees) in the calendar year in which you separate from service.
- **Learn more.** Review the **U.S. Department of Labor** dol.gov under the "Recently laid off: What are my resources?" section for additional information and resources.
- **Evaluate your Social Security options.** If you are age 62 or older you may want to determine if now is the time to begin Social Security. Call or visit your local Social Security office and find out what alternatives you have on collecting benefits. Educate yourself on social security to ensure you claim the maximum amount. Visit ssa.gov to learn more.
- **Be kind to yourself.** Don't blame yourself if you've been laid off. Your performance has nothing to do with the situations we're experiencing in today's workplace. Keep focused, seek wise counsel and look forward.



Talk to us

We are prepared to assist you and your family. Our mission is to help you meet the challenges of an ever-changing tomorrow as you pursue your financial goals and objectives.

With you every step of the way

Everyone has a different vision of retirement that requires a unique financial strategy. We can support you in your retirement planning process by providing the guidance needed to make better, informed choices. We will meet with you and help create a comprehensive plan that takes into account your complete financial picture. Your financial professional will be with you every step of the way to monitor your progress and adapt your plan as needed. Working together, we'll design and implement a retirement plan that will help you live out your unique vision of retirement.

INVESTMENT AND INSURANCE PRODUCTS:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE
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