

Financial tips after a job loss

While being laid off is never a pleasant situation, taking control of a life-changing event can help you alleviate some stress and concern. We know that in difficult times, planning may be more important than ever. 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 are 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.



Financial steps to take now

Consider addressing the following topics as soon as possible:

- **Severance package.** Don't be hesitant to step up and negotiate a severance package with your employer. Be sure to ask if your company can extend any company-provided health insurance and other benefits. Any vested stock options should be discussed before you exercise them. Ask if shares that are selling for less than your exercise price can be re-priced. Also ask if you can have use of your office, phones and administrative assistance while looking for a new position.
- **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.
- **Salary.** Think through and negotiate payment alternatives if you are going to have your salary continued for a certain period of time. You may prefer to have your monthly salary continued for as long as possible, or perhaps your company will consider a lump-sum distribution of the severance package, allowing you to begin collecting unemployment right away.
- **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.
- **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 website 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 www.healthcare.gov.

Furthermore, you might be able take a penalty free distribution from your IRA to pay your health insurance premiums. You should carefully consider all of the financial consequences of taking money out of your IRA. It may be better to use non-retirement accounts to pay for health insurance costs.

- **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.



Financial steps to take now

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. You will want to be well educated on any programs available for those facing the loss of their 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.

- **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 employer sponsored plan; the distribution is usually a taxable event and perhaps a 10% IRS penalty. What's more, you will be losing the opportunity of having this money to continue to grow tax deferred. Sell securities in your taxable brokerage account only as a last resort. Remember, if your investments have decreased in 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 employer sponsored plan can have an impact if you leave your company. The plan may give a short period of time (i.e., 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.
- **Be kind to yourself.** Don't blame yourself if you've been laid off. Keep focused, seek wise counsel, and look forward.
- **Evaluate your Social Security options.** If you are age 62 or older you may want to determine if now is the time to begin taking 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 www.ssa.gov to learn more.

Navigating the Social Security benefit system can be complex. Your financial professional has access to robust software that can help analyze many of the Social Security benefit scenarios available to you and help you evaluate which one best fits your personal circumstances.



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 an investment plan that will help you live out your unique vision of retirement.

INVESTMENTS AND INSURANCE PRODUCTS:

NOT FDIC INSURED	NOT BANK GUARANTEED	MAY LOSE VALUE
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Please Note: This material has been prepared for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading or withdrawal strategy. Since each individual's situation is unique you need to review your specific objectives, risk tolerance and liquidity needs with your financial professional(s) before a suitable investment or withdrawal strategy can be selected.

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