



THINGS TO CONSIDER AFTER SEPARATING FROM YOUR COMPANY



Develop a plan of action to
handle unemployment.



“Remain positive and
don’t burn bridges.

While your emotions
may be running high, try
to keep them in check
and maintain a polite,
professional demeanor.”

Regardless of whether the layoff was expected or unexpected, the insecurity that comes from a sudden lack of reliable income, and the stress of moving forward, is often enough to overwhelm even the most level-headed people. Here, we strive to provide direction and a plan of action to those who find themselves unemployed.

First Steps

In an ideal situation, you would have the benefit of knowing of your layoff beforehand. If you do, there are a number of ways to prepare before you leave:

Step 1 – Maintain contact information for individuals you wish to keep in contact with.

Step 2 – Be sure to check the following:

- Make sure your final paycheck is correct and that it includes any unused paid time off and bonuses.
- Understand your eligibility for severance pay and benefits and make sure you receive them.
- If you signed a non-compete or other agreement with restrictive covenants, make sure you understand the terms in regard to your layoff.

Step 3 – Examine your insurance coverage to see when it ends. Find out if your former employer will fund COBRA insurance. The Consolidated Omnibus Budget Reconsolidation Act (COBRA) of 1985 requires many employers with group health insurance to offer a continuation of that policy to employees who have been laid off, terminated, or have experienced another qualifying change-in-employment event. This may provide coverage for up to 18 months, during which time you may search for new employment. While it can be expensive, COBRA insurance will help you remain protected in the case of large medical expenses during your unemployment.

Step 4 – Remain positive and don’t burn bridges. While your emotions may be running high, try to keep them in check and maintain a polite, professional demeanor. Your boss and co-workers are your best source for references; you don’t want to leave on a negative note.

Step 5 – Consider non-traditional types of employment such as freelancing your talents, contract work, consulting, making money on a hobby or becoming an Uber driver.

Consider Retirement

If your layoff occurs later in your career, you may consider retiring instead of looking for a new career opportunity. Making the decision to retire isn't just about finances. It's also important to consider whether you are emotionally ready to retire. Many people find they lack fulfillment and purpose after they stop working. Be sure you have a plan for how to spend your time if you decide not to pursue a new career opportunity, and be sure you have enough retirement savings to allow you to pursue the retirement of your dreams.

Manage Your Cash Flow

For those who decide to search for a new job, it's important to ensure you have adequate income or savings to support your family in the meantime.

The first step to stretching your assets between jobs is to cut down on unnecessary expenses. If you do not already have a monthly budget, now is the time to start one and stick to it. Reference your bank statements and transaction histories to assess how much you typically spend in a month. Separate out your necessary expenses from your discretionary expenses to identify where you can cut back.

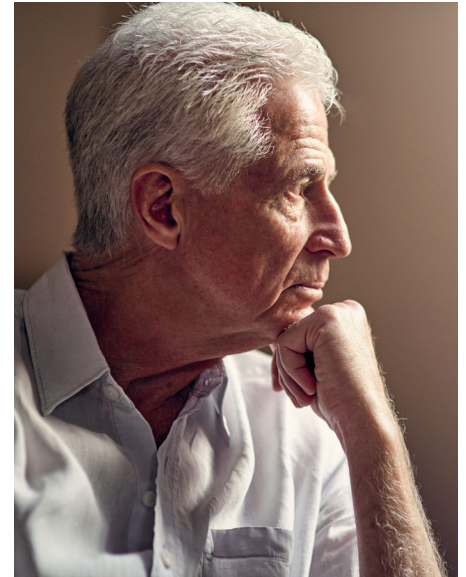
For example, when looking at how much you spend on food in a month, groceries would be considered a necessary expense, while eating out would fall under the discretionary column. Therefore, you may consider cutting down on how often you eat out. Additional ways to stretch your monthly budget may include:

- Cutting back on entertainment expenses
- Delaying vacations
- Working out at home rather than at a gym
- Scaling back on your cable package
- Refraining from making big purchases

While decreasing these expenses can take a lot of discipline, it can also mean the difference between dipping into your savings or not, which may have a long-term impact on your financial future.

Once you have reduced your discretionary spending, look at ways to reduce your necessary expenses. You may be able to cut your grocery bill by shopping local sales, switching to bargain stores, clipping coupons and buying generic products instead of name brand. While utilities are a necessary expense, try to take shorter showers, turn off lights when you leave a room and hand wash dishes with a sink of water rather than running the faucet the whole time.

Keeping a tight budget is especially important when you don't have an income, but it's still a great idea even when you're back on your feet. Budgeting allows you to control your spending while still living comfortably.



File for Unemployment Benefits



Let the government help you through this transition by filing for unemployment benefits as soon as possible. Your former employer has likely already paid for these benefits, so they're available for you. Depending on your state, you may be able to apply for benefits over the phone or online by providing the following information:

- Name
- Social Security number
- Phone number
- Email
- Severance pay amount

In order to receive payment, you must also file a weekly claim while your initial claim is being verified by the Social Security Administration and your previous employer. You will usually receive payment in the mail two to three business days after you send in your weekly claim. If it is determined that you are eligible for benefits, depending on the state you reside in, you may receive a debit card in the mail, and all benefits will be deposited onto that card weekly. However, having this debit card does not ensure you will continue to qualify for unemployment benefits and payments in the future. You must continue to file for benefits every week that you are unemployed. If you miss a week, you will need to reopen your claim to continue receiving benefits. Unemployment benefits are not liabilities; you do not need to pay them back. Therefore, taking them will not impact your credit.

Your benefits are calculated with information provided by you and your former employer. Your Total Benefit Amount is the amount of benefits you are eligible to receive during your benefit year, starting the day your claim becomes effective. In order to determine how many weeks of unemployment benefits are available to you, divide your Total Benefit Amount by your Weekly Benefit Amount (before taxes and other deductions). The amount you receive is based on your employment history and earnings. The benefit you receive will probably not be enough to replace your lost income, but it may help you avoid dipping too far into your savings.

Dip into Your Emergency Fund

If you had the foresight to establish an emergency fund to cover three to six months of normal living expenses, now is the time to access those funds in order to stay afloat during your job search. This account can also support you in the event of a large, unforeseen expense, such as a broken appliance or unexpected car repair. If you have tightened your budget as recommended above, you may be able to stretch your emergency funds beyond three to six months.

Consider Working Part Time

If it has been a few months and the bills are starting to pile up, some income might be better than no income. There are part-time jobs available that could help support your household until you are able to find a higher-paying job in your field. As long as your gross pay remains less than your weekly unemployment benefit, you may continue receiving that benefit on top of your wages.

The biggest consideration when looking into part-time work is to ensure it does not interfere with your search for full-time employment. Looking for new employment should remain your primary focus.

Use Retirement Savings as a Last Resort

When considering a withdrawal from a retirement account, be aware that there are often hefty taxes and penalties associated with taking an early distribution. If you must consider a withdrawal from a retirement account, it may make sense to start with a Roth IRA. Because contributions to Roth IRAs are made after taxes, no taxes are assessed at the time of distribution. However, you may be subject to a 10 percent early withdrawal penalty on any earnings if you are younger than 59 ½.



Traditional IRAs do not permit distributions until age 59 ½. If you have a traditional IRA, you are not permitted to make a withdrawal until you reach age 59 ½.

If you are younger than 59 ½ and cannot make it until this age, leave your retirement funds in your previous company's 401(k) plan, if permitted. If this is not an option, consider rolling over your funds into a Roth IRA so you may access those funds if you are in dire need of cash.

When you find a new job, and if you chose to roll over your 401(k) assets from your previous plan to the new one, be sure the previous plan writes the check to the new 401(k) rather than to you. This is called a direct rollover, and will ensure you are not responsible for the tax liability of a 401(k) plan distribution.

You also have the option of taking the funds from your former employer's 401(k) plan as a cash lump sum distribution. If you chose to do so, resist the urge to take all the funds out at once. You will be responsible for taxes and, potentially, an early withdrawal penalty on any amount distributed directly to you.

Evaluate Your Health Insurance Options

During your period of unemployment, you may become eligible for insurance under the Affordable Care Act, which may be more affordable than COBRA. For more information regarding the program and your eligibility, visit www.healthcare.gov.

Looking for a Job

While being laid off is hardly considered a good thing, it can be a great time to reassess your current path, interests and goals for the future. Make a list of your passions, talents and accomplishments. Assess what makes you proud, what is fulfilling to you and what puts you out. Does your list align with your current career? If not, now may be the perfect opportunity to explore a new career within a different field or industry.

Consider taking a free online career assessment to see what other careers may match with your personality traits, experience and interests. If you get stuck, reach out to your family members and friends for their ideas about what type of job may best suit you. They may have insight you haven't considered.

Once you decide on the type of job you are seeking, a good next step is to update your LinkedIn account. LinkedIn is one of the leading sites recruiters use to find talent. Ask individuals in your existing network for insight on job opportunities. In addition, connect with new people in your desired field.

Remember those contacts you emailed yourself from your previous job? Use them. Reach out to those contacts to ask for any leads on potential job opportunities. Even if they are not aware of any opportunities, they may be willing to serve as references.

Keep Your Head Up

Try to keep your head up and stay positive during this difficult time. Pursue your hobbies, exercise, read that book you've been meaning to get to, listen to music and seek support from loved ones. Whatever you do, don't forget to take care of yourself.

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