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FINANCIAL

LAY OFF GUIDE

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Introduction

Experiencing a layoff can be one of the most stressful times in a person's life. However, it can also be an opportunity for positive change if approached with the right mindset and plan. This guide will help you navigate the financial challenges of a layoff, evaluate your current financial position, and explore options that can lead to a brighter retirement or a new career path.

Importance of Planning

When major changes occur in large organizations, it can become extremely stressful for employees. It often leads to a period of reflection and evaluation of the available options and the direction one should take. Layoffs can sometimes lead to positive opportunities, but viewing them through the right lens and making informed decisions is critical.



Evaluating Your Current Financial Position

Taking Financial Inventory

Whether the last time you took a financial inventory was last month, last year, or never, it is time to do so now. Items to include in your inventory:

- Checking/Savings/Cash Amount
- Credit Card Debt and Interest Rates
- Mortgage/Car/Personal Loans and Interest Rates
- Approximate Income and Income Sources (Pre- and Post-Job Loss)
- Approximate Expenses to Maintain Lifestyle
- Upcoming Major Expenses or Required Purchases
- Statements from Investment Accounts
- Personally Owned Insurance (Life, Disability, Long-Term Care)
- Severance Package Details

Should You Rollover Your 401(k)?

One of the most common questions after a layoff is what to do with your 401(k). Options include rolling it over into a new 401(k), an IRA, or cashing it out. Each choice has its own tax implications and penalties, so it's important to understand the pros and cons of each.

Creating a Short-Term Financial Plan

Assessing Immediate Needs

Using your financial inventory, create a financial income plan for short-term goals:

Income Needs: How much income will you need from your savings to maintain your current lifestyle? Differentiate between “needs” and “wants”.

Income Sources: Identify which accounts you will be drawing from and when. Consider any taxes or penalties associated with these withdrawals.

Risk Tolerance: Re-evaluate your risk tolerance if you will be tapping into investments in the near term. Have

stress test performed to simulate a market crash and ensure you're comfortable with the level of risk.

Longevity of Savings

Income Duration: Determine how long you can sustain your income from savings and what this means for your long-term retirement income plan.

Tax Strategy Planning: If your income might be lower this year due to the layoff, consider long-term tax strategy planning with your investments. Seek advice from a financial planner or tax planner.

Planning for the Next Phase Career Decisions

Returning to Work: Are you planning to go back to work? Consider the types of jobs you'll be applying for and the expected income.

Early Retirement: Are you considering early retirement? Explore what that would look like in terms of expected retirement income and how long your savings will last.

Semi-Retirement: Would you prefer a lower-paying, less stressful position with fewer hours? Considerations

in this scenario include social security timing, health insurance, and savings longevity.

Career Change: Is it time for a career change? Consider whether there is something you enjoy doing that you can get paid for and what the financial repercussions would be.

Engaging Professional Help Financial Advisors

Expert Guidance: Financial professionals have significant experience guiding people through uncertain times. Their expertise can be invaluable in making informed decisions.

Conclusion

We know that this time can be overwhelming. For some, it is a familiar experience; for others, it is their first time facing such a challenge. Rest assured, there are financial professionals ready to guide you through this uncertain time. By evaluating your current financial position, creating a short-term financial plan, and planning for the next phase of your life, you can turn a layoff into an opportunity for a brighter future.

There are moves to be made in your financial future, and we are here to ensure you explore all the opportunities to make it the brightest and most purpose-driven future possible. Contact us today to start planning your path to a secure and fulfilling retirement.

This guide covers each topic in detail, providing actionable steps and resources to help navigate the financial uncertainties of a layoff and make informed decisions for a brighter future.



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