

## **Dealing with employment loss**

Unfortunately, thousands of American workers have been faced with layoffs in the past year. Chances are that, you or someone you know has been affected by a layoff. While never a pleasant situation, taking control of it can help you alleviate some stress and concern. 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 to them and avoid making financial mistakes that can be detrimental to their families. Our goal is to work with you during these challenging times, continuing your relationship no matter your stage in life.

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

### **If you or someone you know is facing a layoff, consider the following topics as soon as possible:**

**Severance package.** Don't be hesitant to step up and negotiate your severance package with your employer. Be sure to ask your company to extend any company-provided health insurance and other benefits. Determine how your stock options will be handled upon termination. Find out whether you have use of your office, phones and administrative assistance while you're 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. In addition, the fact that the other clients of the outplacement agency are going through the same experience 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. Your choices may also affect your unemployment benefits, which vary state by state. Check with your state's unemployment compensation division to help determine what's right for you.

**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 their 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.

**Be sure you have health insurance.** Investigate joining your spouse's plan if you lose your health insurance benefits and your spouse is working. Your employer must allow you to continue coverage for at least 18 months under COBRA (the Consolidated Omnibus Budget Reconciliation Act of 1985) if you are forced to pick up your own coverage. Although this is expensive, the 2009 American Recovery and Reinvestment Act provides a subsidy of 65% of the health insurance premiums up to nine months. Maintaining health insurance avoids the potential problem of getting coverage in the future, or risking the cost of major medical care that can have a devastating impact on your future financial situation.

### **The following points should be considered over the next month or so:**

**Prioritize bills.** Your mortgage should be paid first. This debt probably carries your largest late charge, and falling behind in your payments could even mean foreclosure. Utility bills should also be on your priority list.

**Avoid these short-term cash mistakes.** Do not take money out of your 401(k). Withdrawals from your plan can result in taxes being due -- plus a 10% tax penalty if you're under 55 years old. Sell securities only as a last resort, because if your investments have lost money, you'll likely wind up selling at a loss.

**Be kind to yourself.** Don't blame yourself if you've been laid off. Your performance likely has nothing to do with the situations in today's workplace. Keep focused, seek wise counsel and look forward.

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