

What To Do If You've Lost Your Job

Losing your job can be a tumultuous experience that disrupts your retirement planning and lifestyle. You need to make important financial decisions that can impact your future financial security and make significant adjustments to your day-to-day finances. AARP can help. Use this checklist for suggestions on immediate steps to take along with longer-term ideas for dealing with this new situation.

Making the Most of Your Employee Benefits

Retirement Savings. Decide where to maintain your 401(k) or other workplace savings.

- Decide whether to leave the money in your existing plan (if allowed) or transfer it to a rollover IRA. If you leave it with your existing plan and get another job, ask your new employer if you can roll it over to their plan.
- Note – it is *far* better to leave your money in an employer sponsored plan or roll it into an IRA or new employer plan than cash out. You'll pay *significant* taxes with a cash out - regular income taxes and a penalty tax (if you're under 59 ½) if you do so, greatly decreasing your savings. For more information visit www.aarp.org/money.

Health Insurance Coverage. Decide how you will get health insurance as soon as possible.

- Check if you are eligible for coverage under a spouse's plan. Consider COBRA coverage. COBRA (the Consolidated Omnibus Budget Reconciliation Act) is a federal law that might help you keep your group health insurance longer. You will have to pay your premiums plus what your employer paid (and possibly a small administrative fee) but it may be less than private insurance. For more information, go to <http://www.aarp.org/health/insurance/articles/cobra.html>.
- Check out other health insurance options. Because group insurance plans usually cost less, see if any other group you belong to – such as a fraternal or professional organization-- offers a group health plan.
- Find more information about covering health costs after you lose workplace coverage at www.aarp.org/health/insurance/articles/losinghealth.html.
- Find out about HIPAA (Health Insurance Portability and Accountability Act). HIPAA can help protect your right to insurance when you move from one plan to another. For more information see www.aarp.org/health/insurance/articles/hippa.html.

- Check out Medicaid and Medicare. If you are over 65, or under 65 and disabled, with low income and few resources, you may be eligible for Medicaid. QMB and SLMB are special programs that help with the costs of Medicare. Check with your local department of social services to see if you are eligible. Of course, if you are over 65, you may be eligible for Medicare.

Disability Insurance. Decide whether to maintain disability insurance and continue premiums.

- If you are self-employed check out the National Association of Self-Employed, <http://www.nase.org>.

Severance pay. Invest any severance pay so it lasts as long possible while you're unemployed, while still giving you enough access to pay bills and living expenses.

- Read AARP's *Money Matters* Tip Sheet "Where to Park Your Savings" explains your options. www.aarp.org/orderfinancialpubs.

Other Compensation. Collect any unpaid vacation leave, bonuses, commissions, or outstanding expense reimbursements.

- You may be able to use any accrued vacation time to extend your termination date. This could give you some extra time to be covered by your new employer's health insurance.

Unemployment Benefits. File for unemployment even if you don't expect to be out of work for long.

- The sooner you apply, the sooner you'll have some extra money to slow the drain on your savings.
- Your benefit is based on a percentage of your wages up to your state's maximum amount—about \$350 per week.
- Find out more at <http://www.aarp.org/money/work/articles/unemploymentbenefits.html>.

Getting Your Finances in Order

Spending Plan. Create an income and spending plan.

- List all sources of income so you know where you stand
- Divide your expenses into what you have to spend each month (rent, utilities, food, and gas) and what you can do without.

Debt. Hold off on adding more debt to your credit cards. It's better to cut expenses as much as you can than to live on your credit cards.

- Pay your bills on time to avoid late charges that just add to your debt burden and can boost your interest rate. Also pay more than the minimum payment.
- Read the Money Matters Tip Sheet "Improving Your Credit"
www.aarp.org/orderfinancialpubs.
- Let your credit card, mortgage and car loan companies know of your circumstances. Find out if your creditors offer grace periods that allow you to defer payments until later.
- Check to see if you have paid for credit insurance that will help with payments when you lose your job.
- If you are having a hard time making your mortgage payment read http://www.aarp.org/money/personal/articles/above_water.html

Savings. Tap savings strategically.

- Plan out which funds you'll use first. Pull from the account that earns the lowest interest first.
- Keep in mind that early withdrawals from certificates of deposit and retirement accounts trigger penalties.
- If you have an emergency fund, now's the time to use it.

Investments. Now is a key time to check in with a professional financial advisor to make sure your investment choices are appropriate for your current needs.

- For more information about finding a fee-only financial advisor in your area visit www.garrettplanningnetwork.com.

Taxes. Adjust your spouse's tax withholding so you get a little extra cash now instead of a refund later.

- www.irs.gov has the W-4 available.

Getting Extra Help

Social Services. Get help from social services or local religious organizations. Many have funds for short-term needs.

Public Benefits. Find out which public benefits you are eligible for at www.aarp.org/quicklink. Use the state benefit fact sheets at www.giclocalsupport.org/bop_statefactsheets/statefactsheets.html.

Social Security. Order your Social Security statement to check for any errors in your earnings record.

- www.ssa.gov/mystatement

Scam alerts. Watch out for enticing offers that promise easy money for work you do at home.

- Read <http://www.aarp.org/money/work/articles/FraudsWorkatHome.html>.

Finding a New Job

Placement Programs. Contact your own Human Relations department to see if you are eligible for any outplacement programs or skills retraining.

AARP resources. There is much to learn about how to successfully find a new job.

- www.aarp.org/money/work
- www.aarp.org/money/careers/findingajob/jobseekers/aarp_foundation_worksearch
- www.aarp.org/community/groups/TheWaterCooler
- www.retirementjobs.com

Departments of Labor. Contact your state and federal departments of labor for any programs or benefits that may be available.

- www.servicelocator.org