

Planning for Job Loss

Losing a job is one of the most stressful events one can experience. However, by preparing for job loss while you're still employed, you can make this unfortunate event more manageable and less stressful. Do you have a plan in place?

To proactively plan for job loss, take the following steps:

- Establish a detailed budget outlining your necessities and optional expenses.
- Create an emergency fund that has a minimum of three months of expenses saved.
- Pay-off your consumer debt. Credit cards, auto loans, loans from your 401(k) plan, installment loans—pay off the highest rate debt first, and work your way to debt freedom. Your mortgage is an acceptable debt, as long as you can comfortably manage the payments.
- Cut back on optional expenses now until you have fully funded your emergency savings and paid off your consumer debt.
- Keep your resume current, get letters of recommendation from current and former employers, and network to be aware of opportunities, and even potential crises.
- Organize your employee handbook, health benefits guides and pension information so you can easily access the information for review.

Creating a plan prior to losing a job will help ease the stress of job loss, but you will still have many things to consider if you suddenly find yourself unemployed. First, don't panic—you have a plan. Second, don't make financial decisions under emotional distress. For example, don't cash in your retirement plan or sell your home or investments without thorough consideration about how these decisions affect the plan you have in place.

If you have lost your job, take the following steps:

- Implement your crisis plan.
- If you qualify for unemployment insurance, file immediately.
- If you are offered a severance package, take the time to carefully review it before accepting.
- Maintain health, disability and life insurance.
- Make retirement plan decisions.

This is the time to seek professional help from a Certified Financial Planning™ professional, tax accountant and benefits attorney. Professional advice may keep you from making costly mistakes.

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