

You go to work and get the word ... you're being laid off. Maybe it's no surprise. Maybe it comes as a shock. The question becomes: what now?

Basically, you have three quick to-dos: leaving work with as much money as possible, securing health insurance for the interim, and arranging unemployment benefits. Beyond these items, stay calm and stay in the hunt – or alternatively, work for yourself.

Negotiate your exit. While no law requires your employer to give you a severance package, some employers do provide them.¹ Severance package or not, you may very well receive two weeks pay and perhaps compensation for unused vacation or sick days.

Don't be meek here. If you've been a key employee or simply a good employee, make the case for your company to extend your health coverage a little longer or give you a true severance package. They may see the merit if you have proven yours.

In tax terms, it may be better to receive your severance pay in the form of recurring checks rather than a lump sum. If you get a lump sum, it's quite possible you could have too much withheld.

If you know you are getting laid off in the next few months, you can request to reduce the amount of withholding taxes on your last few paychecks to give yourself more take-home pay. And if it looks like you are going to receive a lump sum severance before December 31, think about deferring that payment until 2010 so you don't have to include it on your 2009 tax return.

Keep yourself insured. If you can sign up as a spouse for the plan offered by your spouse's employer, it makes sense to do it as soon as you can. If that doesn't describe your situation, then the options are extending coverage through COBRA or keeping up the payments on private life or disability insurance that your company provided.

If you sign up for COBRA at the moment, the federal government will subsidize 65% of the cost for nine months as a result of the federal stimulus. In COBRA, you will have to pay the entire premium on your health insurance plus a 2% administrative fee.¹

Sign up for unemployment benefits. As few of us have bank accounts equal to six months or a year of salary, it is wise (not demeaning) to sign up for these benefits. You will want to do so ASAP, because it may take a few weeks for that first check to arrive. In some states, you can receive unemployment checks even if you have been given a severance package – although you may have to wait until the entirety of the severance is issued to you before jobless benefits can follow.¹

Remember that the federal government is pulling out all the stops right now. Take advantage of the federal economic stimulus effort, which is directing \$500 million toward helping the jobless find jobs. New search assistance, education, and retraining programs are available. The government is also boosting unemployment payments a bit and elongating parameters of eligibility. Currently, the average weekly unemployment check in America is about \$300. Jobseekers can receive unemployment benefits for up to 46 weeks – up to 59 weeks in states where the unemployment rate tops 6% for more than three months in a row, which would be just about everywhere right now. Under the stimulus, weekly unemployment checks will increase by \$20 – and the first \$2,400 of unemployment payments will be tax-exempt.¹

Press flesh, not just keys. Despite the buzz surrounding job boards like Monster.com, Dice.com and CareerBuilder.com, an article this winter in the *San Francisco Chronicle* noted that only about 2-3% of new hires find their jobs through such resources. About 15% of new hires find work directly by applying at a company's web site, and about 65% find new jobs through that old standby – networking.²

Older employees may actually cope with layoffs better. That's what a collaborative study coming from the Federal Reserve Bank of Chicago and Columbia University has just concluded. It found that laid-off workers younger than 55 experience a much greater increase in "mortality hazards" than their older counterparts – stress and health risks, addictions, and negative personal behaviors. Perhaps this is because workers over 55 are somewhat less likely to deal with making ends meet and the pressures of raising a family; they may have already thought about (and planned for) a retirement transition and they have the options of Medicare and Social Security now or in the near future.³

Have you been given a gift? That's one way to look at it: one door closes, another opens. If you have an entrepreneurial ambition, or just suspect that like many Americans you will one day have to be your own boss, then maybe now is the time to talk over your options with a potential mentor – a friend who owns a business or



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makes a living as an independent professional in your industry. If you are mature and want or need to keep working, you might even think about a life or career coach – someone who can help you see the full range of possibilities, including those that you may not have considered five or ten years ago.

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Citations

¹ [smartmoney.com/personal-finance/employment/4-ways-to-survive-a-layoff/\[7/2/09\]](http://smartmoney.com/personal-finance/employment/4-ways-to-survive-a-layoff/[7/2/09])

² sfgate.com/cgi-bin/article.cgi?f=/c/a/2008/12/20/BU2914Q1JE.DTL [12/20/08]

³ usnews.com/blogs/the-inside-job/2009/07/01/the-correlation-between-health-employment-and-layoff-fears.html [7/1/09]