

Changing Careers and Job Loss

Changing careers can be a difficult decision. It may feel like the perfect step in a well-planned journey or an unexpected detour. No matter the circumstances, it is important to consider many factors as you explore your new opportunities.

Review your separation agreement and severance package after job loss.

Many jobs will provide you with a separation agreement as well as a severance package. If so, it is important to review them. A separation agreement outlines length of service and total compensation, as well as procedures to return corporate property, for example: identification badges and computer equipment. It may also outline expectations, such as not discussing confidential company information, upon employment ending. Terms are frequently negotiable, so it is important to carefully review your separation agreement with an attorney before signing it. A separation agreement may discuss whether you may be able to elect severance pay in the form of a salary continuation or a lump sum. Severance packages typically include remaining pay owed to you, additional payment based on your time on the job, and payment of unused vacation and sick leave. Severance packages also can include commission, bonus, deferred compensation payments, rights to your pension, profit sharing or 401(k) plan, stock option statement and exercise schedule, loan repayment terms and provisions of any corporate benefit continuation.

File for unemployment benefits.

Contact a local unemployment agency to learn if you are eligible for unemployment benefits. Every state has its own unemployment program with laws and criteria that determine eligibility, amount of benefits, and duration. Unemployment compensation is normally equal to 50% of your former earnings. Weekly benefits may be greater if you have a dependent spouse or child. Unemployment benefits typically last 12-26 weeks, but extensions may be allowed in certain situations. You are eligible to collect unemployment if your employment was terminated through no fault of your own. If you voluntarily resigned, were terminated for cause, or are self-employed, you are usually ineligible. To continue receiving benefits, you must verify your eligibility on a continuing basis. Some states allow you to work part time while receiving benefits but require proof of job search for eligibility, so maintain a log detailing positions you have applied for, interviews, follow-up visits or calls, and results.

Your benefits are typically reduced if you accept a full-time position. That is why it is important while receiving benefits to immediately notify the unemployment agency, and stop claiming benefits to avoid further payment, penalties or fines.

Know your health insurance benefits.

Most employers offer the opportunity to continue medical and/or dental insurance coverage under the federal law, COBRA (Consolidated Omnibus Budget Reconciliation Act). If you choose COBRA, your company will continue to pay the employer share of the health care premium for a defined period, often 18 months. When leaving your position, consult human resources to understand when your employee benefits end, when COBRA begins, how long COBRA lasts, and the cost you will be responsible for.

Prioritize your spending.

It is wise to reduce spending, review your budget, pay bills on time and limit credit card usage. Keep insurance active to avoid costly unforeseen medical bills. Decide not to give in to the temptation to access your retirement account. Dipping into your 401(k) may seem like an easy way to temporarily increase your income, but doing so comes at high costs.

Consider starting your own business.

Out of unwanted job change some of the greatest companies have been born. If you are considering starting your own business, make key tax and financial decisions. Form a business plan and share it with a small business consultant, an attorney, accountant, tax professional and financial professional. Your business plan should include business goals, sources of funding, and how you plan to market to potential customers.

Transitioning to your new career.

If being your own boss is not for you, there are many things to consider before starting your new career. It may be an option to roll your retirement savings into your new employer's plan. If this is not an option, consider an IRA rollover. Maximize opportunities to receive an employer match on your contribution. Research your new employer's disability and life insurance plans. Is the disability plan for short- and long-term disability? What percentage of your salary will you receive each month if unable to work? How much life insurance will you be provided? If the coverage is small, consider a supplemental policy to adequately protect your family.

Angulo Strategies LLC

brangulo@ft.newyorklife.com

Phone: 917.634.2170

Fax: 646.892.9781

WWW.ANGULOSTRAT.COM

MAIN OFFICE

211 East 43rd Street, 7th Floor
New York, NY 10017

MIDTOWN OFFICE

420 Lexington Ave., 15th Floor
New York, NY 10170

QUEENS OFFICE

61-43 186TH STREET
FRESH MEADOWS, NY 11365