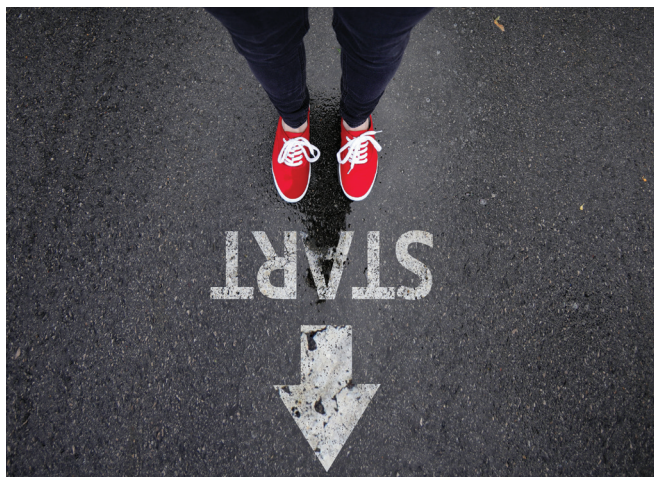


FINRA<sup>®</sup>

# Job Dislocation

**How to Make Smart Financial  
Choices After a Job Loss**





## You Can Manage Your Finances

You may not be able to control if or when your company closes a plant or lays off workers—but you can take steps to manage the financial impact.

---

### START HERE

**Review your spending.** Cut where you can—as quickly as you can. This will help avoid falling behind on bills or buying on credit. Your employer, union (if you belong to one) and local Public Job Center may offer guidance and advice related to budgeting and bill paying.

**Ask about dislocated worker services.** Your employer or union may work with state and local officials to provide services such as job placement, retraining and resume writing.

- ▶ To find your state workforce agency visit:  
<https://usnlx.com/states>
- ▶ To locate a Public Job Center near you visit:  
[www.careeronestop.org/LocalHelp](http://www.careeronestop.org/LocalHelp)

**Understand your retirement benefits.** If you have a 401(k), pension or other retirement benefits, ask how a layoff affects them. You generally don't have to roll over retirement savings to another plan. If you choose to do so, you must complete the rollover within 60 days to avoid tax penalties. Contact your plan administrator if you are considering a rollover.

**A study prepared for the Department of Labor found that approximately 6 out of 10 individuals who use the employment services of Public Job Centers are re-employed within three months.**

**Avoid taking money out of your 401(k) or other employer retirement accounts.** Income taxes of 20 percent generally are withheld, and if you are under 59 ½ years old, a hefty 10 percent penalty will be assessed on the withdrawal. Tap into your retirement funds to make ends meet only as a last resort. If you have a choice, keep those funds invested and working for you until you actually retire.



#### **SMART TIP:**

- ▶ Check with your plan administrator if you've taken out a 401(k) loan. Employers generally require that employees pay back any 401(k) loans within 90 days of leaving employment—and do not allow new loans.

**Develop an effective work search plan.** Public Job Centers are a great place to learn about different kinds of jobs, their availability, and how to get training.

Contact your local Public Job Center for more information and assistance developing a search plan and finding job opportunities.

- ▶ More information is at:  
[\*\*\*www.careeronestop.org/LocalHelp\*\*\*](http://www.careeronestop.org/LocalHelp)



## Unemployment Benefits

Find out quickly if you qualify for unemployment insurance (UI) benefits, and how these benefits change if you receive other payments, such as severance or a buyout.

---

The state's Public Job Center may visit your workplace to offer guidance about the application process. If you do not receive information through your workplace, contact your state's Public Job Center.

- ▶ You can find your state's information online at: [\*\*\*www.careeronestop.org/LocalHelp\*\*\*](http://www.careeronestop.org/LocalHelp)
- ▶ Collecting unemployment benefits while working may be illegal. Report the date when you return to work or start a new job.
- ▶ Do not wait for your first paycheck to report. You are no longer eligible for benefits when you start working a full-time job. You may be eligible for partial benefits if you get part-time or temporary work.

# Do you qualify for unemployment insurance benefits?

---

**CAUTION:** Although the vast majority of workers who receive UI benefits report their earnings correctly, if you fail to report earnings, you may be committing fraud and could be prosecuted.

---



## SMART TIPS:

- ▶ Know the amount of UI benefits you qualify for and when you can expect to receive them.
- ▶ Be prepared to register with the state's employment services when you file for UI benefits. States generally require this so you can start searching for a job immediately.
- ▶ Report wages you are earning, even those from part-time or temporary work, and stop claiming benefits as soon as you return to full-time work.



## 401(k) Hardship Withdrawals

Under certain circumstances, it may be possible to access your 401(k) funds before retirement. Check with your employer for the specifics of your plan.

---

A hardship withdrawal should be a choice of last resort. You will never get the full amount that you withdraw because you will have to pay taxes.

**Generally, hardship withdrawals are:**

- ▶ available if your employer's plan permits them, but are not required by law;
- ▶ not loans—they cannot be repaid;
- ▶ subject to regular taxes—your employer will likely deduct 20 percent up front;
- ▶ generally subject to a 10 percent penalty tax for non-Roth contributions if you are not 59½ or older; and
- ▶ not available after you have been terminated.

# Hardship withdrawals are limited to the amount necessary to cover an immediate and heavy financial need.

**The IRS allows you to take a hardship withdrawal to:**

- ▶ purchase or repair a primary home;
- ▶ pay education tuition, room and board, and fees for the next 12 months for you, your spouse, children and other dependents;
- ▶ prevent eviction or foreclosure on your primary residence;
- ▶ address severe financial hardship;
- ▶ pay for certain medical expenses; and
- ▶ pay for burial and funeral expenses.

**There are some exceptions to the 10 percent penalty tax, such as:**

- ▶ a total and permanent disability;
- ▶ medical bills that exceed 7.5 percent of your adjusted gross income;
- ▶ a court order to pay funds to a spouse, child or dependent; and
- ▶ permanent layoff, termination, quitting or early retirement during or after the year you turn 55.





## Health Insurance

Compare the benefits and the costs of all available options to decide what health insurance works best for you.

---

**COBRA**—Federal law typically entitles you to continue your employer's coverage for up to 18 months. To be eligible, you must:

- ▶ have been enrolled in your company's health plan while employed;
- ▶ elect to take COBRA coverage once you have been notified that you are eligible by the later of the 60th day after the written notice is sent or the day your health coverage ceases under the company's health plan.

COBRA coverage costs the premium that you were already paying plus the amount paid by the company, and an administrative fee of up to 2 percent of the premium. Failure to make full payment on time may result in termination of COBRA insurance.

**2010 Patient Protection and Affordable Care Act:** Under that law, you may be able to obtain health insurance, even if you opt to get COBRA.

- ▶ For details—including eligibility for a special enrollment period—go to: [\*\*www.healthcare.gov\*\*](http://www.healthcare.gov).





## Protect Yourself Against Fraud

You should not have to pay to get a job, disclose personal or financial information in a job application, or use electronic money transfers via your bank, credit cards or gift cards to do your job.

---

If you suspect or to report a scam contact:

- ▶ Federal Trade Commission at:  
**<https://reportfraud.ftc.gov>**  
or call (877) FTC-HELP (877-382-4357).
- ▶ Your state's Consumer Protection Agency  
or Office of the Attorney General:  
**[www.usa.gov/state-consumer](http://www.usa.gov/state-consumer)**

Always do a background check before hiring an investment professional:

- ▶ For a broker or brokerage firm, or an investment adviser or investment adviser firm. FINRA Broker-Check: **[brokercheck.finra.org](http://brokercheck.finra.org)** or call toll-free (800) 289-9999.
- ▶ Call your state securities regulator. Contact the North American Securities Administrators Association: **[www.nasaa.org](http://www.nasaa.org)** or call (202) 737-0900.

If you receive a lump sum severance:

- ▶ Be on guard if someone contacts you out of the blue with an investment offer. Promises of high returns and low risk are red flags.



## Your “To Do” List

### Putting It All Together to Keep Your Finances on Track

- ✓ **Take control of your finances.** Develop a revised budget and track spending closely.
- ✓ **Use all available employment services.** Take advantage of your state’s services, and company services, if offered.
- ✓ **Get health coverage and other benefits.** Find out what employer benefits you are entitled to and what you need to do to get them.
- ✓ **Understand the risks and rules associated with 401(k) hardship withdrawals.** Contact your Human Resources department or the company that administers your retirement savings plan.
- ✓ **Protect yourself from financial fraud and job search scams.** Check out anyone offering you financial advice and any job ads or offers that seem too easy or good to be true.

**You're not alone.  
These resources can  
help you manage a job  
disruption.**

## **MANAGE YOUR FINANCES:**

---

**Personal Finance and Investing** | FINRA:  
[www.finra.org/investors](http://www.finra.org/investors)

---

**Debt Management and Counseling** | Federal Trade  
Commission: [consumer.ftc.gov/credit-loans-debt](http://consumer.ftc.gov/credit-loans-debt)

---

**Credit Counseling** | National Foundation for Credit  
Counseling: [www.nfcc.org](http://www.nfcc.org)

---

**Mortgage Help** | Bureau of Consumer Financial  
Protection: [www.consumerfinance.gov/mortgagehelp](http://www.consumerfinance.gov/mortgagehelp)

---

**Financial Education** | Federal Financial Literacy and  
Education Commission: [www.mymoney.gov](http://www.mymoney.gov)

---

**Career Assistance** | Department of Labor:  
[www.careeronestop.org/jobsearch/findjobs/state-job-banks.aspx](http://www.careeronestop.org/jobsearch/findjobs/state-job-banks.aspx)

---

## **STAY HEALTHY:**

---

**Health Information for Individuals and Families**  
Department of Health and Human Services |  
Office of Disease Prevention and Health Promotion:  
[www.health.gov](http://www.health.gov)

---

**Healthy Eating** | Department of Agriculture:  
[www.myplate.gov/eat-healthy/healthy-eating-budget](http://www.myplate.gov/eat-healthy/healthy-eating-budget)

---

**Stress Management** | Centers for Disease Control:  
[www.cdc.gov/mentalhealth/cope-with-stress](http://www.cdc.gov/mentalhealth/cope-with-stress)

## WHO WE ARE

**FINRA**—FINRA is a not-for-profit organization dedicated to investor protection and market integrity. FINRA regulates one critical part of the securities industry—member brokerage firms doing business in the U.S. FINRA, overseen by the SEC, writes rules, examines for and enforces compliance with FINRA rules and federal securities laws, registers broker-dealer personnel and offers them education and training, and informs the investing public. In addition, FINRA provides surveillance and other regulatory services for equities and options markets, as well as trade reporting and other industry utilities. FINRA also administers a dispute resolution forum for investors and brokerage firms and their registered employees.

► For more information, visit [www.finra.org](http://www.finra.org).

**NASWA**—National Association of State Workforce Agencies (NASWA) is the national organization representing workforce agencies in all 50 states, D.C. and U.S. territories. These agencies deliver training, employment, career, and business services, in addition to administering the unemployment insurance, veteran reemployment, and labor market information programs. NASWA provides policy expertise, shares promising state practices, and promotes state innovation and leadership in workforce development.

► For more information, visit [www.naswa.org](http://www.naswa.org).

**NAWB**—The National Association of Workforce Boards (NAWB) represents approximately 550 Workforce Development Boards and their 12,000+ business members that coordinate and leverage workforce strategies with education and economic development stakeholders within their local communities, to ensure that state and local workforce development and job training programs meet the needs of employers.

► For more information visit [www.nawb.org](http://www.nawb.org).

