

Managing Your Career Transition



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Moving On...



- Increased risk of heart attack faced by employer firing an employee in the week after giving the ax: **100%**
- Percentage of workers satisfied with their jobs earning less than \$15,000 a year: **17%**
- Percentage of workers satisfied with their jobs earning more than \$50,000 a year: **14%**
- Percentage of workers who would like to fire their boss: **20%**
- Those who want to move on to more rewarding work: **100%**

Don't Panic

This too shall pass...

- Remember, it's an opportunity to land a better job or even a new career
- Calmly assess where you stand financially
- Hold off cashing in on your retirement plans and any large purchases
- Set up a financial strategy and stick with it
 - Any mistakes now may haunt you for years to come
 - Be disciplined and clever about bills and debt payments (e.g., a 12-month, 0% credit card offers can save you a bundle)

If You're Waiting to be Laid Off

- Get confirmation of your layoff from your employer as proof for collecting unemployment insurance.
- Find out about your medical benefits/COBRA requirements.



COBRA Issues

- Allows you to continue your health benefits
- Typically available for 18 months, if you qualify
- You normally have 60 days to accept coverage
- You must sign up for it – it's not an automatic election
- Payment is required 45 days after electing coverage
- You pay full, group-rate premiums
- If your company goes bankrupt, you're not entitled to coverage, since the plan would no longer exist
- You're not eligible if you were fired for gross misconduct

Handle Severance with Care

- Don't sign your severance until you've had an opportunity to read it thoroughly.

Things to Keep in Mind:

- ✓ Reference your employee handbook.
- ✓ Negotiate the best package.
- ✓ Hire an attorney if you're not satisfied with the final proposal.
- ✓ Don't burn bridges by acting or speaking out-of-line.

Severance Negotiations

- Decide whether taking payments in a lump-sum or over time is more beneficial (extended payments may also extend benefits).
- If you're close to retirement plan vesting or stock option vesting, negotiate getting vested.
- Ask for cash as a substitute for vesting.
- Bargain for outplacement services to help you in your job hunt.

Look for Work Immediately

- Forgo the vacation until after you find a job.
- The longer you wait, the larger your gap between jobs (never looks good).
- The job you really want may be taken by someone else if you don't give your best effort.



Time for a New Career?

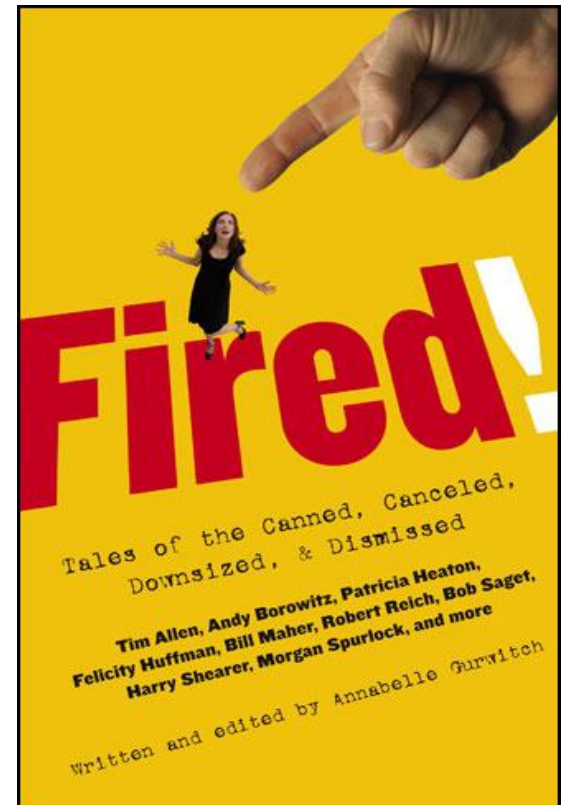
Losing a job in one career field may prompt you to ask whether you want to make the change to a new field or even start your own business.

Ask yourself:

- How realistic is it financially to change fields?
- Can your present skill-set transition into a new field?
- Do you need to further/start your education for a new career?

Lemons to Lemonade

- **Annabelle Gurwitch** - Actress
(“Dinner and a Movie” series, “Daddy Day Care,” “Boston Legal” and more)
- Fired by Woody Allen
- Told friends who then had their own stories about being fired
- Ended up writing a book about her and her friends’ experiences
- Had an off-broadway play and a whole new stand-up routine about her book “Fired!”
- She took a seemingly bad situation and turned it into a new opportunity.



Work Your Network

- Tell friends and family that you're looking.
- Call or email former co-workers and send them your resume.
- Try submitting resumes to:

- Monster.com
- Jobs.com
- CareerBuilder.com

- Submit your resume to executive search consultants and industry head-hunters.

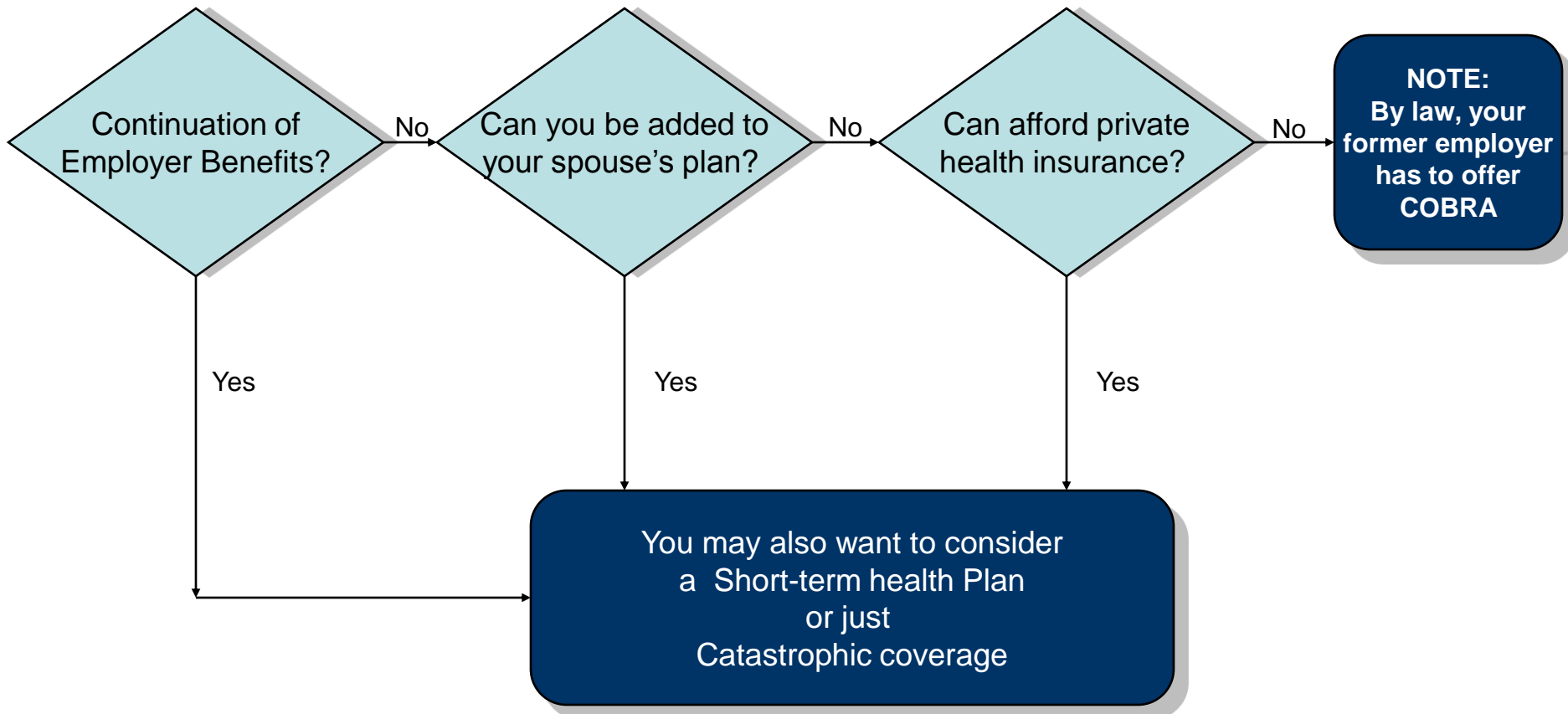
Build a Job-Finding Strategy

Every good business has a business plan...

Establish your own plan including:

- Target companies/industries
- Contacting decision makers/hiring managers
- Treating all contacts with respect (you never know from whom your next recommendation will come from)
- All correspondence should be error-free, especially your resume
- Say what you will do, do what you say
- Always be on time or call ahead if you cannot be on time

Maintain Your Health Insurance



Life and Disability Insurance are Important

- You may be able to convert your group term life insurance and disability coverage to individual coverage.
- Conversion is important for Disability insurance since you wouldn't be able to get an individual policy unless you have a job.



You'll Need an Emergency Spending Plan

Look at your sources of income

- Consider taking Social Security if eligible (62 or older, see your financial professional)
- Review your mortgage and credit card protection – will it cover your payments while you're out of work?
- Can you rent space in your home?
- Can you borrow from your insurance cash-value amount as an emergency source of funds?
- Avoid taking retirement plan distributions unless you absolutely have to.

List Your Expenses

- List your expenses in order of priority.

For example:

- Mortgage
- Groceries
- Utilities
- Car payments
- Transportation
- Insurance premiums

- Include your job-hunting expenses
- Defer discretionary purchases

Things to Do:

- ✓ Always try to reduce expenses
- ✓ Sell off possessions to relieve debt and to pay normal expenses
- ✓ Establish a home equity loan (rates are usually lower and payments can be deductible)
- ✓ Consolidate debts but make sure it's for better terms (higher to lower rates not vice versa)

Things Not to Do:

- ✗ Accumulate additional debt (put the credit cards away)
- ✗ Avoid creditors (You should contact creditors to negotiate better payment terms, lower rates, or minimum payments, etc.)
- ✗ File for bankruptcy (This should be avoided at all costs. Work with a counseling service such as the Consumer Credit Counseling Service at www.cccsintl.com)

Retirement Plan Considerations



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There are generally four options to access your tax-deferred retirement assets:

1. Take a full or partial distribution (tax penalty may be assessed if you're under age 59½)
2. Roll the funds into your new employer's plan
3. Roll the assets into a rollover IRA
4. Leave it in your former employer's plan

Taking a Full Distribution

- Full distribution from retirement plans allowed
- However, there's a 10% tax penalty levied for those under age 59½ (unless you opt for a SEPP (Substantially Equal Periodic Payment Exception) under Section 72(t) or other exceptions.
- Federal tax withholding of up to 20% on assets distributed and possible state tax withholding

Rollovers

- Direct rollovers (plan-to-plan or plan-to-IRA) will allow the assets to continue earning tax-deferred interest
- Direct rollovers eliminates violating the 60-day limit to roll the assets over, as well as eliminating tax withholding
- If you roll over the assets, you may be required to pay back any loans that you took from your plan

Staying in Your Former Employers Plan

- No further contributions allowed
- You may not need to pay back loans immediately
- Plan assets protected from creditors under federal law
- Investment options may be restricted

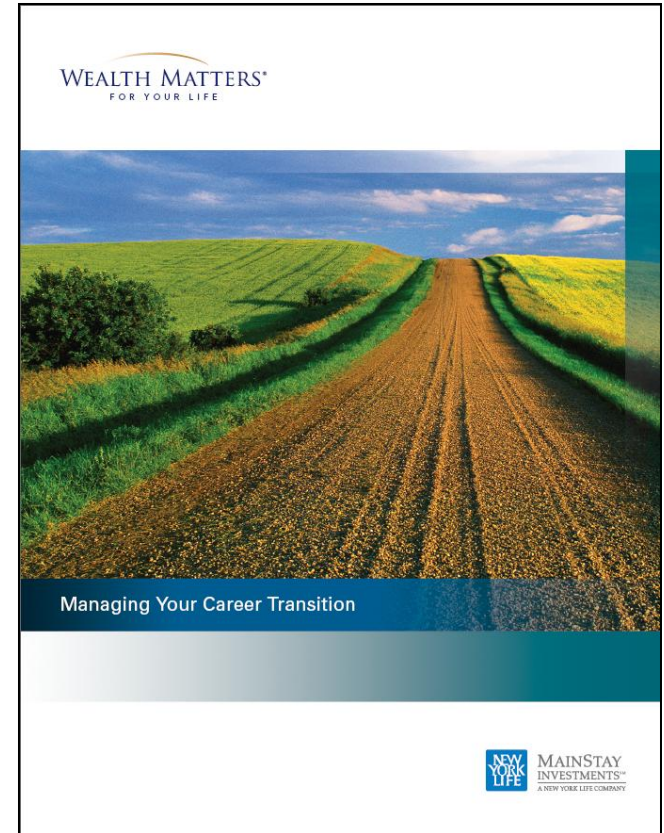
Stay Positive

- Although difficult at times, try to stay positive while searching for your next position.
- Remember, everyone you meet can be a reference.
- Keep up the effort – never give up.
- Don't rely on just your impression of an interview or meeting – you never know who you may impress.

It Never Hurts to Review

Use MainStay's article, "Managing Your Career Transition" to review these concepts.

Good luck with your search!



Thank You

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