



Losing a Job: Ten Things You can do to Make it Less Painful

Losing a job is never easy. Even if you receive severance pay, you face an imminent loss of income, not to mention health insurance and other benefits. And because job searches often take several months, you may go through a period of unemployment.

Keep in mind that losing your job does not equal financial disaster. Below, you'll find a list of immediate actions you can take to make your transition easier. Some involve conserving your resources; others involve developing new sources of income. All will help you maintain your financial health through this difficult time.

1. Tie up loose ends and collect all compensation due from your job. Before you sever ties with your former employer, make sure to turn in all of your expense reports and to receive a paycheck for all your work, through your very last day. If your state's law or employer's policies give you the right to be paid for unused vacation time, make sure that's included in your final paycheck. A few employers pay out unused sick or personal leave, too.

2. Explore freelance or part-time work options before you leave. If you and your employer parted ways on good terms, ask your supervisor (or anyone you know at the organization) whether you might be hired to do freelance or part-time work. Sometimes a downsizing company might rehire you in another capacity, or a sympathetic supervisor (or manager of another department) may be helpful in providing you with leads.

3. Apply for unemployment benefits as soon as possible. State rules for unemployment compensation vary, but in general, if you are not at fault for losing your job, you are probably eligible for unemployment benefits. Laid-off workers are typically eligible for benefits, while fired employees will be eligible unless they were fired for misconduct.

4. Continue your health insurance. If you had health insurance through your employer, complete any necessary paperwork to keep those benefits in place. Under the Consolidated Omnibus Budget Reconciliation Act (commonly known as COBRA), you can keep employer-based group insurance coverage for yourself and dependents for up to 18 months (sometimes longer) -- though you will need to pay for the full premium. Although this can be a real financial strain, it should cost significantly less than buying your own individual policy. Your health plan should send you an "election notice" within 45 days of your job loss, and you have 60 days to decide whether to elect COBRA continuation coverage. If you do elect to continue your coverage, you'll have 45 days after your election to pay the initial premium. If you don't choose the continuation coverage and your coverage lapses, you may have difficulty getting new insurance.



5. Cut your expenses. List your monthly expenses and determine which you can cut, or at least reduce, immediately. Good candidates for cutbacks include restaurant meals, premium cable subscriptions, clothing purchases, house cleaners, gardeners, and any other nonessential purchases. Remember that you can resume your normal spending habits once you're working again.

6. Prioritize your debts. If your cash reserves are short and you are unable to pay certain bills, make sure to pay the essential ones first. Don't risk losing your house, being cut off from medical care, or getting in trouble with the IRS when you could have let less crucial bills -- such as your cable TV bill or your magazine subscriptions -- slide. Also consider contacting your creditors to ask for a short-term hold or reduction on your payments. When discussing alternative payment arrangements with creditors, be sure to ask if the new arrangement will negatively affect your credit rating.

7. Consider getting a roommate. If you have the space, a short-term roommate can help mitigate the cost of your mortgage or rent. You might also consider a part-time roommate, someone who commutes from afar and needs a bed only a few nights a week.

8. Take on odd or part-time jobs while you search. House-sit, walk dogs, or be a companion for an older person. These and other part-time, low-commitment jobs can offer immediate income while allowing you time to conduct your search for a new job in your field.

9. Don't use credit cards (unless you absolutely have to). One major risk of unemployment is spiraling debt. Credit card debt is notoriously difficult to get out of and should be avoided. Do everything you can to avoid getting into, or deeper into, any kind of debt.

10. Don't lose heart. Remember, millions of others have faced a job loss and lived to tell about it. Many successful people have lost their jobs, only to go on to better things. And losing an income is not a reflection on your worth as a person, or even on the quality of your work. With the right attitude, you can use this opportunity to take a step back and consider new directions that may well prove to be more rewarding both personally and financially.

Whether you choose to do all or just some of the above, you'll be taking important and useful steps to manage your finances during this difficult time.

*The EAP is available to you and your eligible family members. The service is free and confidential. Please contact the **EAP** at **1-888-327-1060***

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