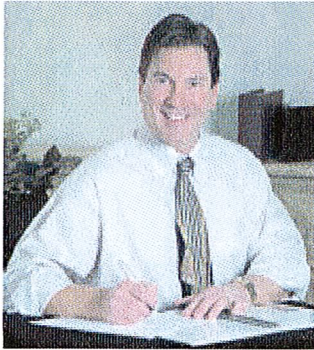


The Pinkslip Prescription.

*How to process it, prepare for it,
and prevent it.*

By Mark Stevens



You're fired. Laid off and let go. Ousted, outsourced, replaced, redundant. Whatever you call it, your income is downsized.

What to do?

Chances are, you or someone you know will lose their job. Or their income. It could be due to unemployment, a business gone bust, bad health or a hurricane. Whatever the

reason, your budget will be crunched. But your spirit doesn't have to be crushed. And your bank account doesn't have to suffer if you plan ahead.

If you just lost your job – or if you're about to – there are emergency measures you must take. You have to do a financial triage. Even if your current source of income seems secure, you should still take proactive action today so you won't have to worry about tomorrow. (Consider – the best way to not worry about tomorrow tomorrow is to worry about tomorrow today.)

In this article, we'll look at how to handle job and income loss, how to prepare for it, and how to prevent a financial disaster if and when it finally happens.

By the way, it happened to me around 1984. Sitting in my cubicle, I should have known something big was up. When everyone is sickly sweet, super efficient and watching you carefully, you know someone's not working here tomorrow. Getting fired definitely hurts. That initial feeling of, "I'm a free bird, watch my thunder," is quickly followed by panic and fear of the unknown.

But there are ways to minimize the impact of a termination or lay off of your employment.

Hired today, gone tomorrow. When the Pratt & Lambert Paint Company closed its doors in the mid 1980's, they never told their employees the actual shut down was a day earlier. When employees called the benefits line, guess what they heard? Dial tone.

**"The best way
to not worry about
tomorrow tomorrow
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tomorrow today."**

Talk about panic. I helped the local union members, and here are some tips that I learned:

Know what you're up against and what you've got going for you. Move forward, not back. Most people get caught in a "woe is me" mentality and never bother to think about what benefits may be available. Check it out immediately. Unemployment, for example, offers assistance of 50% of your income, up to \$400 per week in income. You'll probably need to supplement that, but it's a base.

Contact your benefits department.

Ask about:

- possible severance pay
- health insurance costs and COBRA (guaranteed) extensions
- any vested benefits such as pensions, deferred compensation or 401k plans.

Get the recent balances, and all rollover forms for each. They can be valuable

assets to help you in your transition with income needs, or other business pursuits later on.

Shore up your arsenal. That doesn't mean drowning your sorrows at a bar with other non-working people. Go home. Call a family meeting (including the children, because the kids will learn from you more now than anytime you've attempted to "talk some sense into them" in the past.) Simply explain what has happened, the "belt tightening" expected, and stress the fact that together, you will make out all right. You might be quaking in your boots, but remember, if you act like you gave up, your next generation will also give up when it counts. So be levelheaded and compassionate. Don't worry about a few tears from you or your loved ones; a tough guy/girl approach is not needed here. If you feel like coming home to work out your frustration on your family – as some people unfortunately do – wait till you're calm and clear-headed.

Is that what you expected to hear from a financial planner? Probably not – but realize that your money mindset is your most important asset. And your family and friends are your true wealth. A long-term, multi-generational, big-picture vision is the difference between leaving a wake and leaving a legacy. It saddens and frustrates me when I see people unknowingly and unwittingly sabotage themselves and sacrifice their happiness because of a morose money mindset.

Set up your budget. Follow these steps:

- 1) Write down what unemployment or severance pay will give you. Add up all the income.
- 2) Subtract the health insurance premium that may be due through COBRA (which is a guaranteed conversion from group coverage to personal plan).
- 3) List your mortgage or rent.
- 4) Arrange your bills in order of most important to least. For example, in survival mode, food and shelter should be at the top of the list and your cell phones, cable TV, internet connection,



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and second car had better be way down at the end of the list.
5) Make the cuts. As hard as it seems, there are many ways to find savings during tough times.

Protect your credit. When you make the cutbacks, make sure to protect your credit at all costs. Don't fall for a "they can wait" mentality regarding debtors. It's not their fault your circumstances have changed, and even though a debtor may have given you a little too much credit for that sixty-inch TV, it was your decision to buy it. Never allow anything to negatively affect your credit during a career change or job loss.

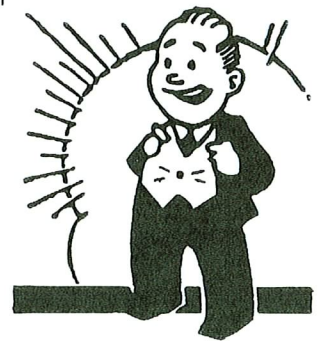
Communicate your situation. When I lost my job in 1984, I reacted like most people. I got together with a few divorced friends and made sure the pain I felt that day would carry over to the next as a hangover. Luckily I soon realized that I would be short budgetwise, so made a call to my debtors. You know what? A true, sincere hard luck story before you're really a credit risk really works! I still remember the bank that held my car payment. The fellow

Get on the pipeline. Like you, I followed the recent Erie County budget battle closely. In my opinion, if you have not lost your job yet and are not concerned, you should be. The fact is, the first person out fielding job opportunities gets to fly with the eagles; the person who waits to get swept out gets to scrounge, hunt, and peck for scraps with the turkeys.

Find a friend or hire a pro to help you with a resume. Get on the websites and call employment agencies now. It could easily be six months or more before you get a hit with something close to your last position. They really mean it at Unemployment when they say, "that was your last check." Besides, unemployment is a benefit, not an entitlement. You owe it to your family – and others who work for a living – to be aggressive in your work search.

Plan, prepare, be proactive and positive to prosper.

Over the years, I have seen many prior Pratt & Lambert employees flourish with new positions and I have been fortunate to help them help their children through college, marriage and more. You, too, can not only survive but succeed in this situation. I'd ask you right now to follow my tips, stay focused, stay aggressive, stay positive and learn from this unfortunate experience.



In the final analysis, during difficult times, you can live on a lower income. You can revive your life soon after a termination or layoff. But the very best strategy of all is to plan ahead. Well ahead. If you have not lost your job or income, you very well may. If not soon, someday. It's vital to prepare so when it happens, you have it handled. And if it doesn't happen, you have peace of mind and a more secure future.

Look at it this way: create an emergency fund to cover at least six months to a year of income. If you need it, you'll have it. And if you don't, you can move it into your retirement fund. The next time you sit with a financial advisor make sure you and he or she develop a strategy together to minimize the impact of any job loss. And maximize the impact of your income.

Speaking of income, there are two more things you might consider: increasing it and investing it. Both beat spending it.

Got the slip? Take these tips.

If you're a county worker (or any employee) recently laid off, or about to be, follow these Financial Triage tips immediately:

- 1) **Organize and consolidate long-term assets and prepare for short-term use.** The Federal Government has liberalized access to IRA accounts for emergencies. While unemployed, you can access IRAs to pay health insurance premiums. Through a little known tax code 72t, you can also set up an income stream through IRAs. No one wants to jeopardize their retirement, but one major health crisis can bankrupt you, and debtors expect to be paid regardless of your employment status.
- 2) **Communicate your debt.** Don't wait - call your debtors now. You will be surprised how willing they will be to help.
- 3) **Lower Life Insurance premiums.** Call your agent; policies (both Universal Life and Whole Life) can be temporarily modified. Lower your
- monthly cash outflow.
- 4) **Downsize your debts.** Most people live week to week, but now you need to know what you're up against. Step one: list all money in (severance, vacation, comp-time, cash payments, unemployment, retirement, savings, etc.). Step two: list all money out. Step three: itemize expenses based on priority, survival mode. (Health insurance first, then mortgage or rent, and so on.) All unessentials? Do what the county could not: make the cuts. You can always add back lifestyle incidentals like second cars and cell phones later.

Through my experience counseling workers through the Bethlehem Steel and Pratt & Lambert Plant closings, I have found that you can survive and, yes, even thrive during this difficult time. But you must act now.

For more information, visit www.designfs.com.

on the other end of the line bent over backwards to re-arrange payments to help me through the situation. I owe that "damn debt collector" a thank you, because he helped me face difficulty with dignity. He also made sure I faced my responsibility. Talk to your debtors first thing; they generally understand and will be willing to work with you.

After you've connected with your debtors, then simply follow down the line, just as you did your budget, most important to least. Put off or modify any planned vacations: drive instead of flying, choose Pennsylvania instead of Florida, or simply stay home. Always communicate reductions of expected niceties to your family. They will listen and follow your example.



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