

How to Bounce Back Financially After Job Loss

“Expect the unexpected” sounds like a good mantra, but even if you follow that advice, life can still surprise you and knock you off balance. Undoubtedly, being laid off from your job is one of those shocking surprises. Regardless of whether you’ve been contributing to an emergency fund just in case, experiencing a sudden loss of income puts you in a difficult financial—and emotional—situation. But take comfort in knowing there are accessible ways to get back on your feet and regain control of your finances. Here are some strategies to get through this challenging time, no matter your age or career.

Figure Out Your Finances

Once you’ve taken a beat to process your emotions, your first step should be to assess your finances. This will help you determine how long you can sustain a job search before you need additional income.



Unemployment benefits

Applying for these benefits can take time, so starting that process should be at the top of your to-do list. In many cases, you should be able to file online, but you can contact your state’s unemployment office if you’re having trouble.



Severance

If your company offered you a severance package, be sure to review the terms with a human resources representative or your manager. How much will you receive, and are there any conditions attached to the payout?



Health insurance options

This is an important factor because many Americans get insurance through their jobs. Your employer’s coverage will often continue through the end of the month, but does your severance package include extended insurance? COBRA will allow you to continue your company’s coverage for a limited time, but it can be pricey. Explore all your options, including coverage through your spouse’s plan, your parent’s plan (if you’re under age 26), or marketplace plans under the Affordable Care Act (ACA) to find the most affordable and appropriate health insurance.



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Savings and emergency fund

Figure out how long your savings and emergency fund can sustain your current lifestyle. If you don't have an emergency fund, this should be a wake-up call to start building one once you can afford it. Create a realistic budget to help get an overall picture of the money coming in and going out each month. Then, identify non-essential expenses you can cut back on to stretch your savings. Even temporarily eating out less or pausing subscriptions you don't use regularly can be beneficial. Every little bit helps during this time.

Manage Debt and Credit

- **Prioritize payments.** Pay essential expenses first, like rent or mortgage, utilities, and groceries. Of course, it's not ideal to leave any charges unpaid, but if you're short on cash, you may have to decide which are the most necessary.
- **Negotiate bills.** Call your service providers (phone, cable, internet) and explain your situation. Many companies have programs to help customers facing tough times. Don't wait until you miss a payment to reach out; it's best to be proactive. Reaching out as soon as possible could save you from late fees and help avoid damage to your credit score.
- **Contact your lenders.** Depending on your loan type (federal student loans, etc.), you may be eligible for deferment or forbearance, which can temporarily pause your payments or decrease the amount you owe. Ask your loan servicer about these possibilities.
- **Avoid additional debt.** You may not have many options in this regard, but try not to depend on credit cards or loans that could land you in deeper debt.

Explore Income Options



Tap into your network

Don't be shy about broadcasting the fact that you're looking for work. Use your social media channels and reach out to former colleagues, mentors, industry contacts, friends, and family for leads.



Explore temporary work

Freelance or gig work can help generate income while you look for a full-time opportunity. Depending on your expertise and skill set, you can offer services like tutoring, consulting, or freelance writing, or reach out to a staffing agency for connections to open positions.



Update your job search tools

Add any new positions, skills, or certifications to your resume and LinkedIn profile since your last refresh. Practice interview skills by researching common questions and planning your answers, or role-playing with a friend or colleague.



Consider a pivot

Being laid off rarely feels positive in the moment, but this could be an unexpected opportunity to shift your focus, pursue a dream, or even relocate. Look into online courses or certification programs in a new or adjacent field or open your job search to include new locations. You may ultimately be grateful for this opportunity to do something unplanned or unexpected, even if that's tough to imagine right now.

In addition to all of these tips, remember that you're not alone in figuring this out. Feel free to reach out if you're struggling with job loss and the financial implications—we're here to help you create a plan for recovery and success.