Checklist:
What to do after a layoff

QUORUM PRIVATE WEALTH

If you recently lost your job, it's normal to feel stressed and confused. But we want to help ensure that stress doesn't extend to your finances. This checklist can help you keep track of some of the high-level decisions you'll likely need to make following a layoff. Use this checklist as a starting point, and if you have more questions about how your new employment status might impact your financial plan overall, we can meet to discuss.

Health insurance

If your (and your family's) health insurance is through your job, you'll want to ensure you're covered after your exit.

- [ ] **Sign up for COBRA if necessary**
  If you have a gap in coverage, COBRA allows you to continue your current health plan for up to 18 months.
  - [ ] Your previous employer will provide you with the information needed to enroll.
  - [ ] Consider whether new insurance is a better option.
- [ ] **Find new insurance**
  COBRA can be more expensive than other options. Consider:
  1. Your spouse's health insurance plan, if applicable.
  2. Obtain coverage through your state's healthcare marketplace.
  3. Insurance through a new employer.

The following criteria can help you evaluate your options.

- [ ] Check whether your current providers are in network.
- [ ] Review coverage for any ongoing medications or conditions.
- [ ] Check all relevant costs, including premiums, deductibles, co-pays, co-insurance, and out-of-pocket maximums as part of your decision.
- [ ] Note how costs vary for in-network versus out-of-network providers.

Retirement accounts

Decide what to do with the employer-sponsored retirement account, such as a 401(k). You have five options.

- [ ] **Leave your plan where it is.**
  This is a great option if you like the investments in your current plan. There are some situations where you may not be able to leave your plan where it is, like if your previous employer was acquired.
- [ ] **Roll it over to your new plan.**
  Once you get a new job, you may want to keep things simple by rolling your old plan over into your new one. This can also be a good choice if you like the investment offerings in your new plan better.
- [ ] **Roll it over to an IRA.**
  If you don't want to wait until you've started a new job to do something with your 401(k), you can roll it into a traditional IRA. This can help you stay organized if you have multiple 401(k)s via different jobs. Additionally, IRAs tend to have a wider selection of investments to choose from.
- [ ] **Take a withdrawal.**
  Cashing out a 401(k) can help with liquidity needs, but you need to pay income tax on the amount, and if you're younger than 59½ you may need to pay an early withdrawal penalty.
- [ ] **Roth conversion.**
  Rolling a traditional 401(k) into a Roth account means paying income taxes on the amount you convert. Read more about the different considerations when doing a Roth conversion.

The plan sponsor (i.e., the employer) determines the investment selection available in a 401(k). Be sure to review the available investments, fees, and other details when evaluating a plan.

Other insurance

Many Americans, especially high-level executives, are offered additional insurance coverage through their workplace. After a layoff, you'll need to find out how your existing policies are affected.

- [ ] **Check your life insurance**
  You may have had term life insurance coverage through your job. See when your existing coverage ends and how much it covered. This can help you explore new options.
  - [ ] Estimate how much insurance you need by considering your liabilities, expenses, and family obligations.
  - [ ] Explore options. While we don't offer insurance at Quorum, we can help you estimate your need and evaluate coverage.
- [ ] **File for unemployment insurance**
  You may be eligible for Unemployment Insurance (UI) benefits if you meet certain criteria, such as being unemployed by no fault of your own and working over a specified period of time (typically up to 18 months). While this won't completely replace your lost income, it can help cover critical expenses as you apply for new jobs.

Compensation considerations

High-level employees tend to have complex compensation packages that involve a combination of base salary, cash bonuses, and equity compensation. This can complicate an exit, but is something we can help you work through.

- [ ] **Note any unvested compensation.**
  Unvested shares go back to the company unless otherwise noted in your exit agreement.
- [ ] **Manage any vested, unexercised stock options**
  Vested stock options tend to have a post-termination exercise window of 90 days. If you do nothing, the options expire.
  - [ ] Ensure you have enough cash to exercise options.
  - [ ] Decide what to do with your shares after they vest.
- [ ] **Consider what to do with company stock**
  If restricted stock units (RSUs) were part of your compensation, you may want to sell shares to diversify. Just remember: You pay income tax on the value of shares when they vest; you may still be responsible for capital gains if the shares have appreciated in value since then.

- [ ] **Create a tax strategy**
You may be tempted to sell company shares (regardless of how they were acquired) to increase your liquidity. However, we recommend consulting with a tax professional first as you may want to be strategic about potential capital gains and/or losses.

- [ ] **Check deferred compensation contributions**
Review distribution elections made for each plan year, particularly those tied to a "termination date." If you were considered a "key employee" by your previous employer, your distributions may be subject to a six-month delay. Be sure you understand exactly when to expect your first distribution, and confirm that your previous employer's payroll department has current bank account information on file so you can receive distributions promptly.

Create a tax plan

The tax implications of a layoff can affect your larger financial plan.

- [ ] **What is your tax bracket?**
Even if you're only out of work for a short period of time, the gap and pay may be enough to lower your tax bracket. Lower-tax years may be a good time to consider Roth conversions. Your new tax bracket may also affect how you think about potential capital gains tax.

Review your budget

If your layoff was unexpected, you may need to make adjustments to your budget in the short-term to avoid dipping into savings, accumulating debt, or selling investments.

- [ ] **Note your family's new income**
Without your salary, what money is coming into your household each month and from where? Consider your spouse's paycheck, dividends, rental property income, freelance work, severance pay, etc.

- [ ] **Review expenses**
Consider where you may be able to cut back expenses. This means reviewing discretionary spending. It also means reviewing how easy or hard certain expenses are to unwind. For instance, your vacation may be discretionary but if it was pre-booked, canceling may not be cost effective. We can help you review your various expenses in relation to your assets and liabilities.

- [ ] **Take a step back to evaluate**
Your employment status influences cash flow, which can lead to a material impact on the timing and magnitude of your financial goals. Consider booking an appointment with Quorum as soon as possible to review your financial plan.

Experiencing a layoff is an emotional and impactful life experience. Quorum Private Wealth is available to help you work through your financial to-do list and update your plan as needed.