



Special Report:

10 Steps to Take If You Lose Your Job

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During these tough economic times and rising unemployment, many individuals have lost their jobs. We have put this guide together for you to help guide you through these crises.

If you have any other questions or need any help after, please let Regatta Research know. We have a ton of resources available for you.

Step 1: Take a Financial Inventory.

Look at what your family currently owns. A few minutes spent calculating your family's net worth just might boost your spirits. Add up the total value of all your belongings and subtract from that total the amount you owe. Remember to figure the value of everything at today's market prices, not the price you paid for it. In other words, how much could you sell it for today?

If you need a spreadsheet to do this, just drop us an e-mail, and we can send one to you.

Step 2. Rollover Your 401k.

If you had a retirement savings plan, such as a 401k or 403b, you are eligible to roll these into you're a Rollover IRA. By rolling over your employer's plan, you generally have substantially more investment options, additional asset classes, and more control over your monies. Most 401k plans do not allow for investments in structured products, short investments, REITs, or other alternative products. This can give you the ability to implement strategies to potentially make money not just in up markets, but also in sideways, and neutral markets.

Rollovers can also often dramatically reduce your expenses.

By rolling over your 401k to a single IRA, it also allows you to consolidate your investments. Many people have small 401ks they have left at their previous employers they have forgotten about. Many times these have since deteriorated due to lack of management. By combining all your monies into one place, you are able to implement a more accurate investment plan and manage, rather than trying to piece together an asset allocation amongst multiple accounts.

If using a financial advisor to help you with this process, we recommend you use someone who is independent and fee-based. Keep in mind commission based financial advisor's could have a conflict of interest when recommending that you rollover your 401k, as the receive commissions on the rolled over monies.

Step 3: Talk to Your Family About the Situation.

Let family members know what decisions must be made. Talk about what is important and what is not so important. Especially if you will have to make changes to your family's lifestyle.

By sharing the concerns and situations facing the family, all members will understand what is occurring and why changes might have to be made. If they understand what choices are available and what actions are necessary, they will be more willing to help. Make sure to listen to what other family members are saying and feeling. Remember, your whole family probably is upset. But each member can help the family make it through these rough times.

Step 4: Evaluate the Ways Your Family Uses Money.

Why do you buy the things you do? Are the items you buy necessary? Many times people buy things, not because they need the things, but because they want to spend money. Now is the time to tighten the budget and eliminate wasteful spending.

One of the most difficult things about being unemployed is to realize you cannot spend the way you did before. Pretending that nothing has changed will not make things easier. Spending less is a must. Put off buying what you would like to have but do not need now.

All fixed expenses, such as rent or mortgage payments, installment payments, insurance premiums, and other payments due on a specific date must be paid. Cutting out unnecessary purchases can reduce other expenses, such as for food, clothing, and entertainment. You can also change what you are buying, for instance generics instead of name brands.

Step 5: Find Ways to Cut Corners.

To do this, you must know exactly how much money you have coming in and going out each month. Use all your check stubs and receipts to list your fixed expenses (housing, insurance premiums, taxes, installment payments, and other debts). Then estimate what you spend on food, clothes, school, gifts, and other expenses. You may find that you don't have a clear picture of where the money is going. If that is the case, try the following plan:

- Cut down on your spending.
- Make a list before going shopping and weigh the importance of each item before buying.
- Be on the lookout for coupons, you can save 10-20% on your grocery bill.
- Write down everything you spend money on for a month.
- Reduce the number of shopping trips you make.
- Plan ahead for larger bill or expenses.
- Agree with your family that every purchase over a certain amount, say \$50 or \$100 will be brought to the family for discussion before buying. This helps ensure items purchased are necessary and hold all members accountable

Step 6: File for Unemployment Benefits.

Go to the unemployment office or location nearest your home as soon as possible. They will help you file your claim if applicable. If you are not eligible, you may be able to get other forms of public assistance. Also, if there is a waiting period between the time you apply for unemployment benefits and the time your check begins, you may be eligible for public assistance as well.

You can visit <http://www.unemploymentoffice.net> for your state's unemployment information.

Step 7: If You Find You Need Outside Help, Turn to Social Agencies.

Several programs, such as Food Stamps and Medicaid, are available for families needing financial aid.

Contact the Department of Children and Families' Food Stamp Office to find out if you are eligible. Your family's resources and family income determine eligibility.

When you apply for the Food Stamp Program, take with you your rent receipts or housing payment book, utility bills, proof of medical bills (doctor, hospital, etc.), and proof of income for all working members of your household, including all benefits such as Social Security and public assistance, bank books, or any papers showing what you have in savings.

Step 8: Talk to the People You Owe Money to.

Do not default on your payments. Don't ignore bills or you may lose what you already have. Immediately contact your creditors: the finance company, bank, credit union, and department stores. Make an appointment to explain your problem. Here are some solutions you and your creditors might work out:

- Make smaller payments that you can afford for a short period of time.
- Refinance your loan. You can make another contract for smaller payments over a longer period of time. The new payments will be smaller, but the overall cost for the loan will be larger.

If all else fails, consider a consolidation loan. You can take out one loan to pay off all your bills at once. Then you will have just one debt to pay off to just one creditor. Each payment will be smaller, but you will commit yourself for a longer period of time, usually at a higher total cost.

Don't forget to work out a way to handle your monthly mortgage payments. If they are too high for you to pay, go to your lender and explain. Ask the officer in the mortgage-lending department to permit you to pay only the interest for a certain period of time. Or perhaps you can postpone one or two payments until you have pulled yourself out of your financial crises.

The important thing is that you talk with your creditors about your problem and come to an agreement about what you can do and keep from losing what you have.

Step 9: Examine Your Insurance Policies.

Chances are that you were insured under your former employer's group health plan. If you were, the Comprehensive Omnibus Budget Resolution Act (COBRA) of 1985 provides you the opportunity to continue group health insurance for up to 18 months after you have been laid off. You will need to apply for this. You will have to pay the premiums but you have 18 months to find other insurance. If your former employer provided you with group accident and life insurance you will probably have a 30-day period from the day you left the company to reapply for an individual policy with the same insurance company without having a medical examination. The premiums for an individual policy will probably be higher than the premiums you paid for the group policy. But you need insurance now perhaps more than ever.

In many life insurance contracts there is a so-called automatic premium loan clause. This clause says the company will use your dividends to pay your premiums or will deduct the premium payments from the cash value of your policy. Check your permanent life insurance policies or call your agent as soon as possible to see if you have this option.

Step 10: Do You Need Immediate Cash?

If you find you need cash, you may need to decide whether to withdraw some of your savings or to make a loan. What you decide will depend on your individual circumstances, but there are disadvantages either way.

- When you take money from your savings account, it will no longer earn interest.
- If you take out a loan, you will pay interest for using someone else's money.

If you decide to withdraw money from your savings account, take the money from a regular account first and leave any certificates of deposit untouched. You'll lose interest, and possibly early withdrawal penalties, on the certificates if you cash them in before they mature.

In any case, think very carefully about taking on additional debt while you're unemployed.

Regatta Research specializes in helping individuals and families who have lost their jobs or changed employers handle their rollovers. E-mail us at info@regattaresearch.com for help or contact one of our offices near you.