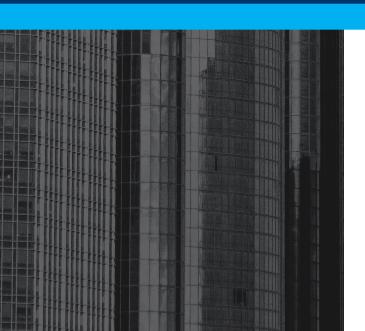




Navigating Job Loss: A Financial Guide

PRACTICAL STEPS FOR YOUR BUDGETING, BENEFIT, AND 401(K) DECISIONS



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NOTES

INTRODUCTION

JOB LOSS IN TODAY'S ECONOMY

Facing job loss can bring stress, uncertainty, and a flood of financial questions. When your income stream suddenly stops, it's easy to feel unmoored. But by breaking the process into clear, actionable steps—reviewing available benefits, inventorying essential expenses, bolstering emergency savings, and prioritizing cash-flow needs—you can create a roadmap forward. This guide's goal is to equip you with practical strategies and insights to support clear financial management and informed decision-making during this critical time.

WHO IS THIS GUIDE FOR?

This comprehensive guide sets out detailed strategies to help you both prepare for potential job instability and take decisive steps if you do experience a layoff. It is designed for professionals who have at least some familiarity with financial concepts but may have never navigated unemployment or a significant career disruption.

UNDERSTANDING UNEMPLOYMENT



1.U.S. Bureau of Labor Statistics, Current Population Survey - Displaced Workers Supplement, Table 3 (latest update September 2024). Accessed April 29, 2025.
2.U.S. Bureau of Labor Statistics, Employment Situation News Release, "Table A-12. Unemployed persons by duration of unemployment" (March 2025). Accessed April 29, 2025.
3.Consumer Financial Protection Bureau, "Your Emergency Fund: How Much Is Enough?" (CFPB Blog, updated January 2024) and FINRA Investor Education Foundation, "Emergency Fund Basics" (2023). Accessed April 29, 2025.

INSIGHT #1: TAKE A BREATH

Job loss can trigger emotional turmoil—shock, anxiety, and fear of the unknown. Acting solely on panic often leads to rushed decisions that may not be in your best interest. Pausing to process what's happening helps ensure your next moves are logical and grounded in fact.

PREPARING IN ADVANCE

- **Monitor Your Job Environment** Stay aware of your employer's financial health and broader industry trends.
- **Open Family Dialogues** Even preliminary conversations about potential layoffs can reduce confusion. These discussions can involve how you might rebalance budgets or tap savings if needed.

IMMEDIATE RESPONSE

- Acknowledge Your Emotions Stress, anxiety, and even sadness are natural. Give yourself permission to feel them without letting these emotions dictate every decision.
- **Focus on Facts** List out concrete details: severance packages, remaining paychecks, accrued vacation or sick time. Having real numbers in front of you can shift your mindset from panic to planning.



Use a 48-hour "cool-off" rule: wait two days before making any large financial decision.

INSIGHT #2: ASSESS AND FORTIFY YOUR FINANCIAL FOUNDATION

A swift, level-headed snapshot of your finances—paired with a plan to stretch every dollar—gives you the stability and confidence to navigate a layoff.

PREPARING IN ADVANCE

- Build an Emergency/Opportunity Fund Aim for 3-6 months of essential expenses in a high yield savings account with no withdrawal penalties.
- Maintain a Live Budget Track all income and outflows; label every expense "essential" or "discretionary."

- **Identify Liquidity Sources** Know withdrawal rules for savings, CDs, lines of credit, or cash-value life insurance before you ever need them.
- **Stress-Test Cash Flow** Model how long reserves last if income stops, and rehearse spending cuts now—before stress sets in.

IMMEDIATE RESPONSE

- **Zero-In on Essentials** Prioritize housing, utilities, groceries, insurance, minimum debt payments. Fund those first; everything else can be pared back or deferred.
- Slash or Pause Discretionary Spending Cancel unused subscriptions, defer large purchases, renegotiate bills, and pause extra retirement contributions if necessary.
- Activate Supplemental Income Consider temp work, consulting, gig platforms, or selling idle assets to extend your runway.
- Sequence Your Cash Reserves Wisely Spend taxable savings first; tap retirement accounts only as a last resort to avoid penalties and taxes.
- Communicate With Household Members Align on the new budget and revisit it weekly to stay on track.



Within TWO DAYS of a layoff/job loss, list cash on hand, fixed bills and discretionary spends. Seeing real numbers curbs panic-spending.

INSIGHT #3 - CONDUCT A DETAILED REVIEW OF YOUR BENEFITS

Losing your job often means losing or altering key employee benefits. Understanding how to keep or replace these benefits can prevent gaps that might otherwise set you back financially.

PREPARING IN ADVANCE

- **Benefit Summaries** Keep a copy of all your benefits documentation, including details on health, life, and disability insurance.
- **Understand Health Coverage** Know your employer's COBRA options, spousal coverage possibilities, and individual marketplace plans.

IMMEDIATE RESPONSE

Health Insurance

- COBRA: Typically allows you to extend your existing plan for up to 18 months (longer under certain conditions).
- Marketplace/Private Plans: Compare deductibles, premiums, and networks.
- Spouse's Coverage: Investigate whether you can join a partner's plan soon after losing your job.

Life Insurance

- Conversion: Some group policies let you convert to an individual policy. Weigh costs and underwriting requirements.
- New Coverage: If you're healthy, individual term life policies might be more affordable.

Disability Insurance - Losing employer-provided disability insurance leaves a coverage gap, so consider an accident policy or individual disability plan. These can help cover medical bills or lost wages if you're injured. Weigh premium costs against your budget to ensure it's a practical fit.

Other Considerations



HSA Funds: These remain yours, even if you switch plans. Check any admin fees to avoid surprises.



EAP Coverage: Some benefits (like counseling) may still apply briefly post-layoff. Ask HR about exact timelines.



FSA Grace Period: You could have a short window to file medical/dependent care claims. Verify details with HR.

INSIGHT #4 - NAVIGATING YOUR 401(K) (403(B), 457)

Your 401(k) is a significant part of your overall financial picture. Balancing short-term access to funds with long-term retirement goals can be tricky, especially if you're uncertain about future employment.

| Option | Pros | Con |
|----------------------------------|---|---|
| Keep with Previous Employer | No action required, funds stay invested. | Investment options may be limited, fees could be higher, and account mgmt might feel disconnected. |
| Roll into New Employer 401(k) | Consolidation can simplify tracking retirement savings. Funds may remain available to borrow (per your new plans' specific rules) | Investment options maybe limited, potential for excess fees. Potential eligibility waiting period. |
| Rollover into an IRA | Maximum flexibility, broader investment choices, potentially less fees & expense ratios | Loss of certain ERISA safeguards—such as bankruptcy shields, QDRO anti-alienation rules, and plan- loan options |

HOW TO CHOOSE

This decision comes down to what you value more—flexibility or simplicity. If you want more control and wider investment options and the potential for less fees and expense ratios, a rollover IRA may be a good option. If you prefer convenience and keeping things in one place, a new 401(k) may be better. A professional can help you weigh the trade-offs



BASIC STEPS TO ROLLING OVER AN EMPLOYER-SPONSORED PLAN TO AN IRA

- 1. Choose the Right IRA It is common to roll a Traditional (pre-tax) 401(k) into a Traditional IRA to maintain tax deferral. If you prefer, you can roll a Traditional 401(k) into a Roth IRA instead but be aware this will likely trigger taxes on the rollover amount. If you have a Roth (after-tax) 401(k) (less common), you must roll it into a Roth IRA to preserve its tax-free treatment.
- 2. Open Your New IRA If you don't have one, open an IRA with a provider that fits your needs. Make sure the account type matches your old plan to avoid unnecessary taxes.
- 3. Request a Direct Rollover Request a direct rollover to your IRA. Many administrators won't send funds electronically but will issue the distribution check payable directly to your new custodian. That still counts as a direct rollover, so there's no mandatory 20% withholding and your full balance moves tax-sheltered. Note: If you ever receive a distribution check made out to you, deposit it into another qualified plan or IRA within 60 days—or it becomes taxable (and subject to a 10% early-withdrawal penalty if you're under 59½).

INSIGHT #5 - NAVIGATING STOCK OPTIONS

While stock options can represent a valuable financial opportunity, losing your job often accelerates important deadlines and can influence how you manage them.

PREPARING IN ADVANCE

- Track Your Vesting Schedules: Know when shares become vested, and mark key dates well ahead of time.
- **Understand Exercise Costs:** Determine how much you'll need to pay to exercise vested options—and whether your emergency fund can absorb it.
- Assess Potential Risks: Recognize that a heavy concentration in your employer's stock increases risk. Diversification is crucial when you can sell or exercise your options.

IMMEDIATE RESPONSE

- **Check Plan Documents:** Upon layoff, confirm whether unvested shares are forfeited or if there's a partial or accelerated vesting for employees affected by workforce reductions.
- **Identify Exercise Deadlines:** Typical windows can be as short as 30-90 days post-separation. Missing the deadline means losing unexercised shares.
- **Consider Tax Implications:** Exercising or selling shares often triggers taxes— potentially short-term capital gains if you sell quickly. Confer with a tax advisor to avoid unpleasant surprises.
- **Decide on Exercise:** If you lack enough cash or are uncertain about the stock's prospects, weigh the cost of exercising against other priorities, including your liquidity needs.

QUICK EQUITY CHECK





Tax Surprise

Exercising or selling company stock can trigger ordinary income or short-term capital-gains tax if you sell quickly. Confirm the tax hit—and whether waiting 12 months for long-term rates makes sense—before you act.



Cash-Flow Crunch

Exercising options may require upfront cash for both the strike price and the eventual tax bill. Build that cost into your post-layoff budget so it doesn't drain emergency funds.

(Every equity plan is unique. Always confirm details in your official equity documentation, or talk with HR or a financial professional.)

INSIGHT #6 - WHY CONSIDER FIDUCIARY HELP NOW?

While it may seem counterintuitive, job loss can be the catalyst for a natural planning opportunity. A registered investment advisor representative is a fiduciary—legally bound to act in your best interest.



TURN YOUR 401(K) INTO AN ACTIONABLE PLAN*

A fiduciary advisor—legally bound to act in your best interest—can help you evaluate the pros and cons of moving your plan assets, including broader investment choices, potential fee savings, and material risks such as surrender charges, loss of ERISA protections, and potential tax liabilities.

• **Considerations:** Roll-overs involve paperwork, possible tax and early-withdrawal penalties (plus any plan-specific blackout windows or employer loan surrender charges), and may incur a one-time review fee—always confirm whether it's included or billed separately.



HOLISTIC CHECK-UP DURING TRANSITION*

Beyond your investments, a financial planner can review insurance gaps, beneficiary designations, tax-optimization opportunities, and other key protections.

• **Considerations:** Deeper planning—detailed estate strategies, special-needs planning, or ongoing updates—may carry extra fees, so make sure to have a good understanding of the the scope of work and whether there are any associated costs.



BEHAVIORAL SUPPORT WHEN EMOTIONS RUN HIGH*

A fiduciary advisor can help you resist rash moves—like selling after a market drop—by providing unemotional, objective guidance.

• **Considerations:** No advisor can eliminate all market risk or guarantee emotional calm; you must still decide whether to follow the advice in real time.



PERSONALIZED ASSET-ALLOCATION AND REBALANCING*

An independent fiduciary advisor can help design a portfolio aligned with your evolving goals and risk tolerance—and perform regular rebalancing to keep it on track.

• **Considerations:** Portfolio adjustments may trigger taxable events or trading costs; always confirm whether rebalancing is included in your standard fee or billed separately.

^{*}All investing carries risk, including loss of principal; no advisor can guarantee performance. Fees and services vary—see your investment advisor's Form ADV Part 2A (available at adviserinfo.sec.gov) for full fee schedules, conflicts of interest, and disclosures. Consult your tax and legal advisors before implementing planning recommendations.

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ABOUT THIS GUIDE

This White Paper is for informational purposes only and does not constitute investment, legal, or tax advice. It is intended to help you understand general strategies to manage finances in the event of a job loss. Your individual circumstances may vary; please consult your own professional advisors before taking action.

ABOUT THE AUTHORS

Stalt Financial, LLC is A Michigan-registered investment adviser. For complete disclosures on fees, and conflicts of interest, see our Form ADV Part 2A and Part 2B at adviserinfo.sec.gov (CRD 330522).

NO ENDORSEMENT

References to "financial planners," "fiduciary advisors," or "independent advisors" are intended as general descriptions of industry roles. This document does not endorse any specific firm, individual, or product.

NO GUARANTEES

All examples and guidelines—such as recommended emergency-fund levels—are illustrative. Results will vary based on your personal situation, market conditions, and other factors. Past actions or hypothetical scenarios do not guarantee future outcomes

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CONTACT & NEXT STEPS

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ACTION STEPS

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