



CARE's WorkLife Solutions

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## Financial Preparation for a Job Change

**If change is on the horizon at your organization, consider these financial tips:**

- **Save!** Keep paying into your pension or 401(k) plans — and leave it there. Most organizations allow you to leave your money in their 401(k) plan, even if you are no longer employed there. The penalties you incur by withdrawing the money far outweigh any “quick cash” benefits. If you must withdraw money from your 401(k), transfer it into an Individual Retirement Account (IRA), and avoid drawing ready cash from it unless absolutely necessary.
- **As for life insurance,** if you have coverage through your company and want to maintain coverage after you leave, purchase an outside policy now. Waiting until you're older will cost more money in the long run.
- **Pay off debt.** Stop buying on credit, and put as much money as you can spare into paying off home-equity and other installment loans, credit cards and other extended payment plan purchases. Reducing debt and the amount of interest you are paying will make it easier to withstand times of financial uncertainty.
- **If you have a spouse with a health insurance plan,** find out how quickly you could transfer your coverage to his or her plan. Also, contact your Human Resources Department to find out if you can extend your current benefits following a layoff. This extension may be as long as 18 months, but will likely be at your own expense.
- **If you have a child in college,** contact the school's financial aid office to find out what assistance is available if your income changes. The school may offer loans to finish out the current term, as well as readjust your child's financial aid package for future years based on your new income levels.