

What to Do if You Lose Your Job Now



AMID THE CORONAVIRUS PANDEMIC,
AMERICANS ARE BEING LAID OFF IN HEARTBREAKING,
RECORD-SHATTERING NUMBERS.

THESE SEVEN STEPS CAN HELP EASE THE FINANCIAL STRAIN

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PHOTO ILLUSTRATION BY **C.J. Burton**



Get What's Coming to You

IT'S NOT EXACTLY THE CAVALRY RIDING IN ON A WHITE horse. But newly expanded unemployment benefits should provide a partial rescue to any worker who has lost his or her income due to the coronavirus. That's true even if you have been furloughed rather than laid off or are an independent contractor, not a staffer.

Under the provisions of the \$2.2 trillion stimulus package that was passed by Congress in late March, unemployment benefits will be increased by \$600 a week for four months, on top of the amount workers would normally get under the rules in the state where they worked. As of January, average weekly benefits ranged from a low of \$213 in Mississippi to a high of \$546 in Massachusetts, according to the Center on Budget and Policy Priorities—national average: about \$385 a week—and lasts six months

in most areas. Barring last-minute changes, the new law will also tack on an additional 13 weeks of coverage and extend benefits to furloughed staffers, gig workers, such as Uber and Lyft drivers and Doordash and Postmates deliverers and other independent contractors who have previously been excluded from claiming.

These latest changes will come on top of other measures enacted by the federal government under the Families First Coronavirus Response Act to spur states to expand access to unemployment benefits during the crisis. Among the actions taken, according to the National Employment Law Project:

➔ At least 19 states, including hard-hit California, New York and Washington, have waived the

\$600
BILLION

The estimated amount that COVID-19 will ultimately cost the U.S. economy

—MOODY'S ANALYTICS

AS THE ECONOMIC TOLL OF THE CORONAVIRUS pandemic deepens, jobless claims have spiked to unprecedented levels, with a record 3.3 million Americans applying for unemployment benefits during the week that ended on March 21. That's more than five times as many Americans as the number who filed for unemployment benefits during the worst week of the financial crisis and the surge shattered the record of 695,000 jobless claims set in October 1982 during a period of high inflation across the country.

MONEY MOVES
Clockwise from above: The stock market's sharp drop since the pandemic began has left savers with less money to tap in their 401(k)s; and meanwhile, the IRS has moved the tax-filing deadline to July 15, but anyone expecting a refund will want to get their returns in earlier.

All told, since the first case of COVID-19 was reported in the U.S. in January, nearly one in five American workers has been laid off or had their hours reduced, a recent Marist poll found. And the worst is still to come. According to Moody's Analytics, nearly 80 million jobs in the U.S. are at moderate or high risk of layoffs as a result of the pandemic, from the travel and hospitality industries to retail trade and construction—meaning more than half of the workforce could be facing job losses in the months ahead.

"Many companies are simply being forced to cut employees loose to weather the storm," says Peter Cappelli, a labor economist and professor of management at the University of Pennsylvania's Wharton School.

In other words, if you've lost your job or seen your income sharply reduced as a result of the pandemic or worry that one of those things is about to happen, you have plenty of company. That knowledge may lessen the sting—getting laid off, after all, is a big emotional blow as well a financial one. But understanding you're one of many won't help you pay your mortgage or credit cards or student loans or put food on the table. And it won't cover your medical bills if you lose your employer-sponsored health insurance and you come down with COVID-19 or any other illness.

Taking some smart, practical steps at the outset, though, can make those financial challenges more manageable and help ensure a temporary job setback doesn't have a more lasting impact on your personal economy. Here's what you need to do.

FROM LEFT: SPENCER PLATT/GETTY; STEVEN HEAP/YEEM/GETTY



common one-week waiting period to collect benefits.

➔ In addition to qualifying employees who have been laid off outright, many states will now allow workers to get benefits if their employer has temporarily shut operations in response to the coronavirus; they can't work because they are quarantined or self-isolating in accordance with local mandates; they have compromised immune systems or are otherwise at higher risk of catching the disease; or who have left work to care for a child or other family member.

➔ At least 21 states have suspended the requirement to search for work, if the layoff is temporary due to COVID-19.

➔ Other states have extended the length of time workers can collect benefits or expedited processing of claims.

You can find out the rules in your state, get links to apply for benefits and view updates on policies related to COVID-19 at CareerOneStop.org, which is

sponsored by the U.S. Department of Labor.

Your biggest challenge in collecting may be getting through to your state unemployment office. Over the past week, applications for unemployment in some areas are up by 1,000 percent or more and understaffed labor offices and overwhelmed computer systems just can't handle the load, says James Radford, an unemployment attorney in Decatur, Georgia. "In Georgia, for example, our Department of Labor is already pretty short staffed," he says. Some state unemployment websites, like those in Colorado, Kentucky, New Jersey, New York and Oregon, have already crashed and some phone lines have hours-long waits.

To help keep the system moving, some state offices are extending hours and adopting staggered application times; in New York, for example, you're now assigned a specific day to apply based on the first letter of your last name. One tip that could help you get through is to avoid the Monday rush and apply later in the week or very early or late in the day on the website, when there will likely be fewer people online. If you can't get through and your benefits are delayed, states like New Jersey are promising to backdate claims so you won't lose any money.

Identify Sources of Quick Cash

ONE OTHER MAJOR PROVISION OF THE STIMULUS package: a one-time payment of \$1,200 for individuals with adjusted gross incomes of up to \$75,000, \$2,400 for married couples earning up to \$150,000 and \$500 per child. The payments begin to phase out above those income levels and disappear completely for individuals with incomes that exceed \$99,000 and joint filers without children who make more than \$198,000 a year.

Treasury Secretary Steven Mnuchin has said the check likely will arrive within the next few weeks. As for whether the money will be taxed, several ideas have been proposed: The cash could be provided as an advance on a future refund, the government could consider the check a gift and treat it as taxable income or the money could be tax-free.

But you don't have to wait for Congress to act to get money from Uncle Sam, if you're among the seven in 10 taxpayers who typically get a refund on your taxes and you haven't yet filed. The average refund so far this year, according to the IRS: \$3,064. Which is why even though you now have until July 15 to submit your return (and even longer if you file for an extension),



42%

The percentage of workers who are concerned about their job security due to the coronavirus

—ZENEFITS.COM

Marguerita Cheng, a certified financial planner and CEO at Blue Ocean Global Wealth in Gaithersburg, Maryland, urges anyone who's been laid off and typically gets a refund to file as soon as possible.

Also think about other resources you can tap for cash if needed. If you have equity in your home and your spouse is still working, for example, you may be able to qualify for a home equity line of credit (HELOC) or home equity loan based on your spouse's income, Cheng says. Current average rate, according to Bankrate: around 6 percent.

Although most financial advisors urge you to consider tapping retirement savings accounts

only as a last resort, the stimulus bill also makes it easier to use 401(k)s and IRAs to help tide you over until you're back at work. Under the new rules, you'll be able to make a "hardship" withdrawal of up to \$100,000 from these accounts without the standard 10 percent penalty for taking out money before age 59½ (age 55, if you've been laid off). You'll still owe taxes on the withdrawal but can pay it back over a three-year period or avoid the tax entirely if you put the money back into your plan during that time. The bill also doubles the amount people can borrow against their 401(k) and delays any repayment due in 2020 for a year, on both new and existing loans.

"The drawback," as Cheng points out, "is that you

won't be growing that money tax-free anymore"—and that can put a big dent in how much you're ultimately able to accumulate for retirement. That's why it's better find another way to help pay your living expenses now, if at all possible.

Line Up Health Insurance

NEARLY HALF OF AMERICANS GET HEALTH insurance through their employer and, of course, this is a particularly worrisome time to be kicked off your plan. "You never want to have a gap in health coverage," says Denver financial planner Andrea Blackwelder, "but that's especially true during this pandemic."

Your best bet if you're married and your spouse still gets health insurance through work is to go

CHANGE UNDER WAY
Clockwise from below: It's no longer business as usual at this Disney Store in San Francisco—or anywhere else in the U.S.; new federal rules will help struggling homeowners pay their mortgages, hoping to avoid the wave of foreclosures that occurred after the financial crisis.



FROM TOP: MICHEL DU CILLE/THE WASHINGTON POST/GETTY; DAVID PAUL MORRIS/BLOOMBERG/GETTY

on your partner's plan, recommends Les Master-son, managing editor at Insure.com. A layoff is considered a qualifying event so you can sign up even though open enrollment is over at most companies and, he says, this option will typically be cheaper than an individual plan purchased through the government marketplace.

If that's not an option, though, a government plan, a.k.a. Obamacare, will probably be your most affordable option. Eleven states and the District of Columbia have reopened enrollment in their health care marketplaces because of the coronavirus, but losing your coverage because you lost your job qualifies you to enroll no matter where you live, as long as you do so within 60 days of going off your former plan. You may also qualify for premium subsidies that will lower the price, says Scott Flanders, CEO of eHealth, Inc., a private online health insurance exchange. This year, individuals making up to \$49,960 and families of four with household income up to \$103,000 will get a price break, according to the Kaiser Family Foundation.

The most expensive choice for most people is to stay on your former employer's plan at your own cost through the federal law known as the Consolidated Omnibus Budget Reconciliation Act (COBRA), which extends your coverage for up to 18 months. "Your former employer doesn't contribute to help pay for your insurance in a COBRA plan [as it does when you're an employee], so you'll pay much more," says Masterson.

It's worth considering, however, if you want to retain the ability to see an out-of-network provider since few marketplace plans allow this anymore and their in-network group of providers is often narrower as well. Then too, for some older health care consumers COBRA may actually be the more affordable option since, unlike employer group plans that do not base premiums on age, marketplace plans are allowed to charge older policyholders up to three times more than younger ones.

The one option you should bypass completely: short-term health plans, often advertised as an affordable stopgap solution to bridge policyholders until they find a job with health insurance or decide on alternative coverage. Often these plans lack essential features like preventive care and may exclude many conditions and illnesses—including treatment of COVID-19.

SCOTT OLSON/GETTY



“People are so stressed right now that it’s really tough to stay on top of everything that’s changing so rapidly.”

ANYWHERE, U.S.A.
A normally busy Main Street in Rockton, Illinois, a town of about 7,500 people, is deserted, after a shelter-in-place order went into effect on March 24—a scene that’s being repeated across the country, as the coronavirus threatens both health and livelihoods.



owners impacted by the coronavirus pandemic are eligible for a forbearance plan to reduce or suspend their mortgage payments for up to 12 months. They also suspended foreclosures and evictions for their borrowers through at least May 17. The Federal Housing Administration declared the same protections for all FHA loan borrowers.

If Fannie or Freddie doesn't own your mortgage—if you're not sure, use the lookup tools on their respective websites to find out—you can still contact your mortgage servicer to find out what your options for relief are. A coalition of mortgage lenders has pledged to suspend payments for homeowners who are struggling as a result of the pandemic for at least three months and possibly up to a year, but says it needs federal support to make good on that promise. In the

that billing cycle. A number of banks, including Ally, Bank of America and Capital One, have dedicated webpages outlining coronavirus resources for their customers.

But some issuers have said they're helping customers cope during the COVID-19 crisis without specifying what they're doing, says Bill Hardekopf, a credit expert at LowCards.com. "A lot of companies are assisting customers on a case-by-case basis," he says. Your best approach? "Call your credit card company's customer service line to discuss your options," Hardekopf says. "If you're promised something make sure you get formal documentation—an email from the customer representative, for instance—so that you have proof of the exchange if you have issues in the future."

The number of Americans who filed for unemployment in the week ending March 21—the highest weekly total in U.S. history

3.3
MILLION

Get Serious About a Budget

IF YOU WANT TO STRETCH FOR A SILVER LINING IN losing your job at this time in history it's that a lot of the traditional belt-tightening called for by financial advisors after a layoff is already happening automatically during this pandemic. Rein in dining out and hanging with pals at your local bar or pub? Check. Scale back excursions to concerts and sporting events? Check. Cancel a planned vacation? Check again.

But if money is tight you may have to cut back even further, advises Greg McBride, chief financial analyst at Bankrate.com. "House cleaning, lawn maintenance, pool maintenance—if you're home, you're better able to shoulder those duties and save some money," he says.

Another area for saving: Cook more meals at home. "A lot of people's budgets have been trimmed for them, but that's not going to stop some people from eating takeout every night," Blackwelder points out.

"If you're one of those people who is spending \$175 a month on cable, it's time to cut the cord," Blackwelder adds. Make sure to suspend your gym mem-

bership, especially since you can't go there to work out now anyway and while you're at it, dump a few subscription services—research shows consumers consistently underestimate how much they spend on them a month and how many services they have.

But make sure to keep at least one or two of your favorites for your mental health—this is a stressful time even without the added pressure of losing your job. At \$13-a-month, a Netflix subscription won't burn a huge hole in your wallet and catching up on *Stranger Things* can be a nice distraction if you're quarantined.

Catch a Break From Your Bills

NO MATTER HOW MUCH YOU TIGHTEN YOUR BELT, you may find yourself struggling to keep paying your bills on time and in full, especially if you had little in the way of savings to fall back on before your income took a hit. Fortunately, there's a lot of help out there.

Your home. Mortgage giants Fannie Mae and Freddie Mac, which own more than half of the nation's home loans, recently announced that home-

HELP NOT WANTED
Job seekers will find few positions to apply for, as the spread of the coronavirus has put most hiring plans on pause. Meanwhile, under new Department of Labor guidelines, those who have lost income during the pandemic will find it easier to collect unemployment and the benefits will be higher.

FROM LEFT: MATTHEW BUSCH/BLOOMBERG/GETTY; AL DRAGO/BLOOMBERG/GETTY

meantime, you'll need to work out your own deal.

"Don't wait until you start missing payments to reach out," advises Keith Gumbinger, vice president at HSH.com, a mortgage information website. "Servicers are likely to become very busy in the weeks and months ahead with requests for help."

Renters have fewer options. Negotiating lower or suspended payments with your landlord is worth a try but success is by no means guaranteed. Some states and municipalities, though, have stepped in to prevent evictions for the next few months. You'll find a list of them on the website of Princeton University's Eviction Lab.

Credit cards. A number of credit card companies have said they'll help customers who are struggling to pay their bills on time by extending payment deadlines, lowering interest rates or waiving late fees, among other relief efforts. For example, Apple Card holders who enroll in the company's customer assistance program can skip their next payment without incurring interest charges for



Utility bills. Many utility companies, cable giants and internet providers are halting shutoffs and easing payment policies for customers during the coronavirus outbreak—and some states, such as Connecticut, New Jersey and Ohio, have ordered utility companies to suspend service disconnections. The Federal Communications Commission has a list of broadband and internet providers who have pledged not to cut off customers under its Keep Americans Connected program

Some Internet companies are taking bigger strides to help people get online access. Case in point: Comcast and AT&T have said their public hotspot locations across the country are available to anyone who needs them for free. You'll

as a result of the coronavirus. Among the organizations with members who have volunteered to provide this advice: the Financial Planning Association, XY Planning Network and the Foundation for Financial Planning. Use search tools on their websites to identify practitioners who might work with you.

"The rapidly changing nature of the pandemic and economic uncertainty is making it difficult for a lot of people to make smart financial decisions," says Washington, D.C. financial planner Kevin Mahoney, who kickstarted the XY Planning Network's pro bono initiative. "People are so stressed right now that it's tough to stay on top of everything that's changing so rapidly, whether it's a moving

ADAPTING TO CIRCUMSTANCES

Clockwise from right: At a daily briefing in mid-March, President Trump announced new measures to help homeowners; and a restaurant in Boston, like many across the U.S., now advertises its takeout and delivery-only service.



FROM LEFT: DAVID L. RYAN/THE BOSTON GLOBE/GETTY; BRENDAN SMIALOWSKI/AFP/GETTY

tax deadline or new government relief and stimulus efforts. If someone's just been laid off, they're dealing with a lot of emotions."

Plot Your Next Career Move

IT'S TOUGH TO LOOK FOR A NEW JOB IN THIS ENVIRONMENT. New hiring has slowed almost to a standstill: According to Moody's Analytics, close to 10 percent of businesses reported that they were hiring in mid-March, down from 40 percent a few weeks earlier—and that was before the tightest business restrictions in cities and states across the country went into effect.

Compounding the problem is the deep uncertainty about how long the shutdowns will last. Will America be open again for business by the end of April, as President Donald Trump wants? Or will the deepening public health emergency last for months, deepening the economic fallout?

"The full picture isn't clear yet," says Caroline Ceniza-Levine, co-founder of the career coaching

firm SixFigureStart, based in Jacksonville, Florida. "Companies that might have been hiring before are not so sure about their own prospects."

At the very least, you can update your resume, spruce up your LinkedIn profile and reconnect with professional contacts in your network, Ceniza-Levine suggests—former bosses, former colleagues, people who used to work for you. "Ask them how they're doing," she says, rather than making the outreach about your job search, especially if you haven't been in touch for a while. "You need to build the relationship before you can ask for help."

Eventually, the pandemic will subside and the economy will start coming back. Your biggest job in the meantime may be just to soldier through it. **N**

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The amount of direct payments to each U.S. taxpayer with income up to \$75,000 a year under the \$2 trillion stimulus package drafted by the Senate

\$1,200

find a map of Xfinity hotspots in your area on its website.

Student loans. The U.S. government has announced that it will waive interest and payments on federal student loans without penalty through at least May 12. The catch? Although you don't have to request a zero-percent interest rate—your rate will be changed automatically—you must contact your loan servicer to request an "administrative forbearance" if you wish to suspend your payments.

The waiver does not apply to private loans, like those from Sallie Mae and Navient. But if you have private student loans and think you'll have trouble making payments, contact your loan servicer; the company may be willing to let you suspend your payments temporarily, or at least devise a payment plan to lower your monthly payments for a period of time to give you some breathing room.

Get Some Free Advice

A GROWING NUMBER OF FINANCIAL PLANNERS ARE offering pro bono guidance to people who have lost their jobs or who are otherwise under financial strain