

Job loss can be financially and emotionally challenging, but with the right strategy, you can help protect your financial future and potentially emerge in a stronger position.

# LIVING THROUGH A LAYOFF

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## Key Takeaways:

- The decisions you make in the first few weeks after a layoff can save or cost you thousands of dollars. Don't delay acting on benefits, healthcare and retirement accounts.
- From healthcare coverage to unemployment benefits and retirement decisions, multiple paths exist for nearly every challenge. Research all alternatives before making choices you might regret later.
- The complexity of tax implications, retirement rollovers and benefit timing makes working with a financial advisor essential. A temporary setback doesn't have to derail your long-term financial goals.

## Overview

Amazon. Meta. Cisco. Spirit Airlines. What do these well-known companies have in common? They all laid off a portion of their staff in the first half of 2026.<sup>1</sup>

The numbers tell a sobering story. Recent data show that 21.2 million American workers were laid off in 2025, across industries ranging from technology to manufacturing.<sup>2</sup> While layoffs often increase during economic slowdowns, companies implement workforce reductions for various reasons: mergers and acquisitions, business relocations, declining sales, technological changes or strategic restructuring.

These layoffs create immediate financial stress and uncertainty about the future. For those approaching retirement, job loss can dramatically impact when they'll be able to retire and how much they'll have to live on. It may even prompt some to retire early, which can seriously affect future financial plans. However, with prompt action and strategic planning, you can navigate this challenge successfully and potentially use it as an opportunity to reassess your career and financial goals.

## What to Do Immediately After a Layoff

Before diving into long-term planning, handle these critical tasks immediately:



- **Understand your severance package.** Review all documentation carefully. Severance packages often include more than just cash payments; they may cover extended health insurance, outplacement services, professional development funds or accelerated vesting of retirement benefits. Don't sign anything without fully understanding the terms (you might even want to schedule a consultation with your financial advisor to talk through the details).
- **File for unemployment benefits.** Don't wait. Even if you're receiving severance pay, you may still qualify for unemployment benefits once the severance period ends. Each state has different rules, but applying early ensures you're in the system when benefits begin. Find your state's Department of Labor website by visiting <https://dol.gov/agencies/whd/state/contacts>.
- **Secure your company property and contacts.** Collect important personal documents, back up professional contacts and return company equipment according to policy. Doing so maintains your professional reputation and ensures you have the necessary information for future reference.

## Long-Term Financial Planning

Once immediate concerns are addressed, it's time to begin comprehensive planning. Your financial advisor can help you take inventory and create a financial strategy for the coming months. This may include:

- **Assessing your emergency fund.** Calculate exactly how much you have in readily accessible savings. Financial experts typically recommend three to six months of expenses, but having six to 12 months' worth of coverage provides greater security.
- **Tallying available resources.** Beyond emergency savings, consider all potential income sources: severance pay, unemployment benefits, spouse's income, investment dividends and any side income. Your advisor can help you understand the tax implications of each source and create a withdrawal strategy that helps to minimize tax burden.
- **Creating a bare-bones budget.** Work with your advisor to identify fixed expenses such as mortgage/rent payments, insurance premiums and debt obligations. Then, determine which variable expenses can be temporarily reduced or eliminated. Cancel non-essential subscriptions, reduce dining out and postpone major purchases, if needed. This activity can reveal exactly how long your savings will last and where you can cut to possibly extend the timeline.



## Healthcare and Benefits Decisions

Losing employer-sponsored health insurance ranks among the most stressful aspects of job loss, but you have a few options. COBRA continuation coverage allows you to maintain your current health plan for 18 to 36 months, though you'll pay the full premium (plus a possible 2% administrative fee).<sup>3</sup> While expensive, COBRA might be worth it if you have ongoing medical needs or prefer to keep your current doctors.

Health insurance marketplace plans through [www.healthcare.gov](http://www.healthcare.gov) may also offer options. Or your spouse's employer plan might provide coverage if your spouse has employer-sponsored insurance. Job loss qualifies as a life event, permitting you to make changes outside of the typical enrollment windows.

If you've reached age 65, Medicare becomes your primary insurance option, potentially simplifying the health insurance decision.

## Retirement Plan Considerations

You may need to make some important decisions about employer-sponsored retirement accounts. For instance, you'll want to choose whether to roll over funds from your 401(k) into an IRA or keep the money in your former employer's plan. Vesting considerations could affect how much of the employer's contributions you can access, so review your plan documents to see when those contributions vest.

Outstanding loans from an employer-sponsored plan typically must be paid back within 60 days of separation, or the balance becomes a taxable distribution. If you can't repay the loan, you may owe income taxes on the balance plus a 10% penalty if you're under the age of 59½.<sup>4</sup>

If you have a pension, you may need to choose between taking a lump sum or waiting for future monthly payments. This decision depends on factors like your age, health, other retirement savings and current interest rates. Your advisor can run calculations to determine which option best fits your situation.

## Final Thoughts

While job loss is never welcome news, many people emerge from the experience in stronger financial and professional positions. The key lies in taking immediate action to preserve your financial security while developing a strategic plan for moving forward.

Your financial advisor can provide crucial guidance on handling pensions, 401(k) rollovers, and tax implications of severance and unemployment benefits. They can also help ensure this temporary setback doesn't derail your retirement goals.



## Sources

<sup>1</sup> *Intelligence*. June 2, 2026. "Companies that announced Major Layoffs and Hiring Freezes." <https://intelligence.com/insights/layoff-downsizing/major-companies-that-announced-mass-layoffs/>. Accessed June 7, 2026.

<sup>2</sup> *Ed Gresser. PPI*. May 27, 2026. "U.S. layoffs are up for four consecutive years." <https://www.progressivepolicy.org/u-s-layoffs-are-up-for-four-consecutive-years/>. Accessed June 7, 2026.

<sup>3</sup> *Fidelity*. Sept. 25, 2025. "What is COBRA coverage and how does it work?" <https://www.fidelity.com/learning-center/smart-money/cobra-insurance>. Accessed June 7, 2026.

<sup>4</sup> *Fidelity*. June 30, 2025. "What happens to a 401(k) when you quit a job?" <https://www.fidelity.com/learning-center/smart-money/what-happens-to-your-401k-when-you-leave-a-job>. Accessed June 7, 2026.

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## The Bottom Line

Values-based financial planning works ideally when it's part of a comprehensive strategy developed with professional guidance. The intersection of values, taxes, risk management and investment selection can be complex, and a qualified advisor can help you navigate these considerations effectively.

The most important step, though, is the one you can take today — getting clear on what you actually want your money to accomplish. Once you know what you're building toward, creating a plan to help get there becomes much more straightforward.

Remember, the ideal investment strategy isn't the one that looks impressive on paper or to others. It's the one that helps you create the life you actually want to live.

### Sources

<sup>1</sup> Debbie Carlson. *Britannica Money*. "How to invest according to your values or your faith." <https://www.britannica.com/money/values-faith-based-investing>. Accessed Aug. 29, 2025.

<sup>2</sup> Institute for Energy Economics and Financial Analysis. June 10, 2024. "ESG funds continue to thrive and outperform traditional funds across equity and fixed-income asset classes." <https://ieefa.org/articles/esg-funds-continue-thrive-and-outperform-traditional-funds-across-equity-and-fixed-income>. Accessed Aug. 29, 2025.

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