



Facing a career crossroad

Tips to help navigate a job change



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Managing your career transition.

Making a job change is a unique situation, filled with many emotions and important considerations. And depending on the circumstance, it can feel like the completion of a well-planned journey or be the equivalent of an unexpected detour. Whatever your reason for seeking a new job, it is important to give careful consideration to your individual situation as you explore new opportunities. This guide provides tips to help you sort out some of the issues you may face before—and after—leaving your job.



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Job loss affects the entire family

A job loss can lead to changes in family roles, relationships, and responsibilities. And even though it's you searching for a new opportunity, your entire family is affected. Your instinct may be to protect your family from a stressful situation and the unpleasant news of a job loss, but keeping the information a secret has the potential to do more harm than good. Be honest with your loved ones about your job situation and involve them in major decisions. Working together as a family will help you thrive, even in a difficult time.

- **Keep your spouse in the loop.** Tell them about your job search plans, keep them informed, and update them on career developments. Most importantly, let them know that you welcome their involvement and support.
- **Listen to their concerns.** Realize that your family members are concerned about you and your future. Most likely, they are also concerned about the stability of their family. Give them a chance to talk about their concerns and offer suggestions regarding your job search.
- **Maintain an open dialogue with your children.** Parents want to protect their children from harm or bad news, so you may feel that hiding a job loss from them is more beneficial. However, when children are permitted to "write their own stories," they tend to imagine a scenario far worse than reality, which can wind up being even more stressful.
- **Involve the whole family.** Enlist the help of your family to search the newspaper or internet for job opportunities. Make it a fun activity to compile a list of creative ways to trim expenses or add to the family income until you get settled into your new job.
- **Take advantage of family time.** Help the whole family to stay positive by setting aside regular time to enjoy each other's company and let off steam.

It is important to let children know about a job loss and how it will impact the family. But, try not to overburden them with the responsibility of too many emotional or financial details.





Changing jobs can be stressful

There are many situations that could leave you searching for a new career. Maybe, you have been presented with a new assignment. Perhaps, you have decided to explore a new opportunity. Or, you might be experiencing a sudden, unexpected job loss. Upon learning about a job loss, almost every area of your life can be affected.

Regardless of your reason for seeking a new job, a career transition and all that it entails—approaching potential employers, critically assessing your own skill set, or taking a risk on a business venture—represent change. And, any type of change, planned or unplanned, can cause stress because it represents a disruption to something familiar.

To help you manage any feelings of anxiety and navigate even the most difficult of job transitions, consider the following suggestions:

- **Acknowledge your feelings.**

People may experience many emotions after a job loss, including excitement, uncertainty, depression, or anger. You might even experience

feelings of grief, and as with any loss, there will be a period of adjustment. Each person will react to a career transition in their own way. While these emotions may be uncomfortable, recognize that what you are feeling is normal. However, if at any point you suspect that your emotions are too intense, contact a career coach or counselor for advice.

People cope in different ways during the initial stages of job loss. Some people like to get right to work on their resume and job search, while others spend time alone to contemplate their situation. Some may even fall in between these extremes and go back and forth between sadness and action. We each handle stress differently, so there's no right—or wrong—way to cope in times of change.



- **Stay positive.** Dwelling on any unpleasant circumstances associated with a career transition, as opposed to the opportunity it can present, may prevent you from successfully moving forward. If you find yourself feeling pessimistic, think positive thoughts, such as:

"Starting over isn't easy, but I have a lot going for me!"

"I can do this!"

"Sometimes, positive things come from difficult situations!"

- **Develop a support system.** Talk to a trusted friend or family member about what you are feeling. He or she does not have to offer solutions, they just need to be a good listener. The simple act of sharing what you are going through can often make you feel better.

- **Take care of yourself.** This may be a difficult time, so it is important to take care of yourself. Maintain good nutrition, exercise, and find time to reflect and refocus.

- **Keep an open mind.** A career transition rarely follows a plan. Try to keep an open mind about where the journey can take you. Doing so can help to expand your possibilities by opening doors to unanticipated opportunities.

- **Find the silver lining.** Whatever your reason for seeking a new job, approach the process as a unique opportunity to explore new interests and experiences. While it may be difficult at first, this approach can help you to move from feeling as though you have lost something to looking forward to what comes next.

Typically, if you receive severance payments in the form of salary continuation, and those payments equal or exceed your previous weekly wage, it will qualify as income. As a result, you may be ineligible for unemployment benefits until your salary continuation payments end.

Get organized and make a plan

After leaving a job, many tasks need to be accomplished in a short amount of time. From severance and unemployment documents to applications and resumes, you may feel flooded by paperwork. Even highly organized individuals can have a difficult time staying on top of everything during this stressful time. Get organized, make a plan, and take it one step at a time.

Day one

The first day of unemployment can mark the beginning of a difficult chapter, and figuring out what task to tackle first can be overwhelming. Many experts recommend allocating the first day of your career transition as a day to just think and be good to yourself. This can be a stressful phase, so it is important to give yourself a set period of time to absorb your situation. Taking the opportunity to reflect on your job loss will help you come to terms with your emotions and put you into a positive, productive frame of mind to begin your job search.

Review your severance package

A severance package is pay and benefits that you may receive when your employment is terminated. It acknowledges your hard work, and helps you pay your expenses while you search for a new job. A severance package generally includes your remaining pay, an additional payment based on your length of service, and payment for unused vacation or sick time.

It may also include:

- Commission, bonus, and deferred compensation payments
- Rights under any pension, profit sharing, or 401(k) plan
- Stock option statement and exercise schedule
- Loan repayment terms
- Provisions of any corporate benefits continuation

While not required by law, companies often offer severance packages to employees who have been let go due to a corporate downsizing or restructuring effort, but not to employees who have been terminated for cause or performance issues. Every employer has their own policy regarding severance packages. The human resources department at your former company can provide details about their specific policy and your eligibility.

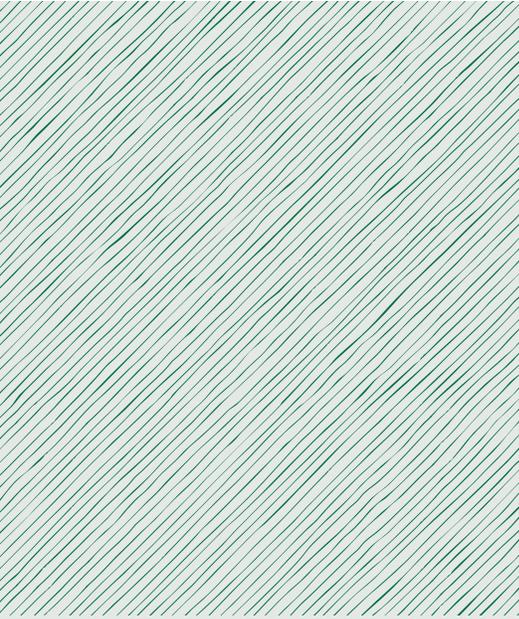
Evaluate your separation agreement

Severance packages are usually given to employees who have signed a separation agreement—a legal document that states the specific terms of the employment separation. It generally details an employee’s length of service and total compensation, and outlines procedures to return any corporate property, such as identification badges and computer equipment. It may also outline certain expectations, such as not discussing confidential company information after employment ends.

Terms are often negotiable, so it is important to thoroughly review your separation agreement with your attorney before signing it.

As part of your separation agreement, you may be able to elect severance pay in the form of a salary continuation or a lump sum. Whereas a lump-sum payment is a single amount paid to you upon dismissal, a salary continuation option will pay the agreed upon amount over time in the form of a regular paycheck. The option you choose depends on many factors, like the ones outlined in the chart below.

Deciding how to receive severance pay		
Ask yourself...	If you answered “yes,” consider...	
	Lump-Sum Payment	Salary Continuation Plan
Do you need immediate funds?	X	
Do you need to establish an end date to your employment in order to collect unemployment?	X	
Do you have concerns about your former employer’s long-term financial viability?	X	
Do you anticipate finding a new job quickly?	X	
Do you need to maintain your benefits at their current cost?		X
Do you wish to maintain a regular, structured income stream?		X
Do you have a small window of time before you can qualify for pension or retirement benefits?		X
Do you want to lower the immediate income tax impact associated with receiving severance pay?		X



Many states do not allow you to collect unemployment benefits if you are receiving income that exceeds a certain amount—including severance pay in the form of salary continuation—so check with your local unemployment agency for your state-specific rules.

File to receive unemployment benefits

Unemployment benefits are a valuable resource that can help to cushion the financial impact of an unexpected job loss, and should not be overlooked. The unemployment system can be complicated to navigate, and there are rules associated with applying for, and maintaining, benefits. Here are some general guidelines to get you started.

- **Plans are established on a state-by-state basis.** Operating within federally established guidelines, each state independently administers its own unemployment program. Every state has their own laws and criteria for determining eligibility, benefit amount, and duration, so consult your local unemployment agency for details about your own state's plan.
- **Benefit amount and duration vary by state.** The maximum weekly benefit will vary by state, but for those who qualify, unemployment compensation is generally equal to about half of what was earned at your former job. Weekly benefits may be higher if you have a dependent spouse or child. Unemployment benefits usually last from 12-26 weeks, but extensions may be granted in certain situations.
- **Eligibility is determined after filing.** File for unemployment benefits immediately after losing your job, even if you are not sure of your eligibility. You are generally eligible to collect unemployment if you are unemployed through no fault or choice of your own. However, if you voluntarily quit your job, were terminated for cause, or are self-employed, you are generally ineligible.

Helpful hint...

If your application for unemployment benefits is denied, you have a right to formally appeal the decision. Typically, your state will schedule an informal hearing where you can present any evidence to support your appeal, including personnel files, witness statements, or letters from your former employer.

- **Continued eligibility verification is typically required.** In order to continue receiving benefits, once approved, you must verify your eligibility on an ongoing basis. In return for your unemployment benefits, you will be expected to make reasonable efforts to find new employment. Some states may require proof of your job search efforts, so maintain a log outlining every position you have applied for, along with each interview you have had, any follow-up efforts, and the result of each. If you secure a job while collecting unemployment, you must immediately notify your unemployment agency and stop claiming benefits to avoid an overpayment and penalty fines.
- **Part-time work may reduce unemployment benefits.** Many states allow you to work part-time while collecting unemployment benefits, as long as you meet certain criteria. You must continue to seek full-time employment and remain available for full-time work. Unemployment benefits will generally be reduced by the amount of your part-time income.

What about health insurance benefits?

After a job loss, a primary concern for most will be their health insurance benefits. Most employers will offer you the opportunity to continue the company-sponsored group medical and/or dental insurance coverage under the federal law, COBRA (Consolidated Omnibus Budget Reconciliation Act). If you elect COBRA, your company will continue to pay the employer portion of the health care premium for a defined period of time, typically 18 months. When leaving your job, consult with your former human resources department to understand when your employee benefits will end, when COBRA begins, how long COBRA lasts, and the cost of insurance you will be responsible for.

The finances of job loss

Job loss impacts every aspect of your life—personal, professional, and certainly financial. Bringing in less money than you are accustomed to—even by just a few paychecks—has the potential to create a ripple effect on your monthly budget and expenses. When faced with a career crossroad and a loss of income, it is tempting to make hasty short-term monetary decisions that have the potential to negatively impact your longer-term financial security.

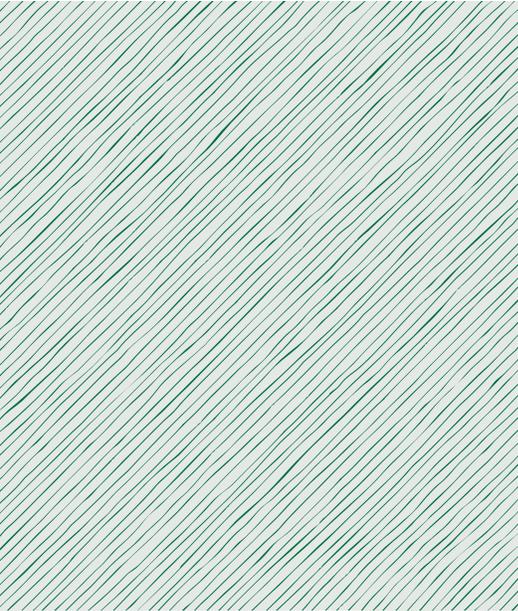
Don't neglect day-to-day money matters

Finding a new job is most likely your top priority, but effectively managing your finances during your career transition will help ensure that money matters remain sound for you and your family. Consider some of these tips to help lessen the temporary financial strain associated with job loss, and create some peace of mind.

- **Reduce spending.** With one of your family's income sources absent, it is important to accept the fact that until it is replaced, you can't afford to spend as much as you once did. Gain family consensus on essential expenses, like food, housing, and household bills, and the more discretionary items that you can temporarily forego. Eliminating some unnecessary spending will give you some financial breathing room while you search for a new job.
- **Rework your budget.** Once you have trimmed your expenses, you will need to rework your budget to ensure that the items you must continue to spend money on are covered. Calculate your available funds—including emergency money, savings, unemployment benefits, and any severance pay—and determine how long they will last.
- **Pay bills on time.** In order to keep your expenses from growing out of control and protect your credit rating, it is important that you continue to pay your bills on time. Consumer credit advocates recommend prioritizing living expenses, followed by secured credit accounts, and then credit cards. Strive to pay at least the minimum amount due for as long as you can. If making payments becomes too challenging, contact your creditors to potentially negotiate new payments.
- **Limit credit card use.** To help manage expenses and avoid overextending yourself, limit your credit card use to emergencies only. Avoid transferring balances between credit cards because after a brief, lower introductory rate, balance transfers often carry higher long-term interest rates.

Stay focused on your financial future

Being in between jobs may feel like an endless journey. But rest assured, this transitional phase will come to an end. So, it is important to not lose sight of your long-term financial goals. The following suggestions can help you to stay focused.



▪ **Access your 401(k)? No way.**

Accessing your retirement plan can seem like an easy way to make ends meet while looking for a new job, but it can end up hurting you in the long run. Because 401(k) plans accumulate on a tax-deferred basis, withdrawing money before age 59½ will cause you to incur income tax and a potential penalty of up to 10%. Worst of all, you will prematurely consume retirement dollars that you have been accumulating for years.

▪ **Preserve future assets.** View your job loss as a temporary situation, and maintain assets earmarked for your long-term goals, unless it is absolutely necessary that you access them.

▪ **Keep insurance active.** It may be tempting to allow insurance coverage to lapse when prioritizing expenses, but it is not recommended. The financial protection provided by life, disability, health, or other insurance is important to maintain, especially during difficult times.

Understand tax consequences

Any time you encounter a major life change, whether it be marriage, buying a house, or losing a job, it is important to understand any tax implications, and create a suitable strategy to help keep your finances intact. It's a good idea to always consult your tax professional for guidance before implementing any tax strategy.

Consider the following common scenarios and their tax implications

Scenario	Taxable	Tax Deductible	Not Taxable/Other
Your final paycheck included severance pay and accumulated leave, sick, and vacation pay.	Appropriate withholding can help mitigate the tax liability.		
You are approved for and begin collecting unemployment benefits.	You can request that federal income taxes be withheld from unemployment checks.		
You access your retirement plan to manage short-term cash flow requirements.	You will be required to pay taxes on the distribution. If you are under age 59½, you may also be subject to a 10% early withdrawal penalty.		
You incur costs associated with your job search.		Costs associated with your job search, such as resume preparation, employment agency fees, and travel to and from interviews are tax deductible.	
You find a new job, but must relocate.		Your moving expenses may be tax deductible.	
While unemployed, you receive monetary gifts from friends and family to help manage expenses.			This is not considered taxable income to you, but the giver may be taxed if the gift exceeded the annual gift exclusion amount.

Navigating a job change

Searching for a new job is an excellent opportunity to evaluate the direction of your career. As you begin the process, think about the direction that you would like your career to go. Were you happy with your former position? Did you enjoy the industry you were working in? If so, hone your search efforts accordingly and look for opportunities to help continue your professional growth.

If not, make a list of industries or positions that might be a better fit for you. When faced with a career crossroad, it is important to carefully consider both the benefits and challenges associated with changing careers, as well as to realistically assess your ability to make a change. If the benefits outweigh the challenges, research the necessary steps, and move forward toward a new, more fulfilling career.

Whether you are staying in your current field or making a drastic change, it's important to make a job search plan. The following tips can help to organize your job search efforts into small, manageable steps.

- **Make finding a job a full-time job.** When you no longer have a job to report to every day, you can easily lose motivation. Treat your job search like a regular job, with a daily "start" and "end" time. Following a set schedule will help you be more efficient and productive. Set aside daily "office hours" to allow you time to regularly search job postings, research companies, and pursue opportunities.

- **Update your resume.** Update your resume to thoroughly reflect your work experience. Your resume should provide a prospective employer with a summary of your background and highlight your abilities, so focus more on the results you achieved rather than the specific tasks you performed.

- **List your positives.** Make a list of all the things you like about yourself, including skills, personality traits, accomplishments, and successes. Write down projects you're proud of, situations where you excelled, and things you're good at. Revisit this list often to remind yourself of your strengths.

- **Who do you know?** Many job opportunities are never advertised. Instead, they stem from personal connections. As the first task in your job search, many human resources professionals recommend making a list of everyone you know, how you are acquainted with them, and how they may be able to assist with your job search.



- **Network strategically.** Reach out to people in your professional network and let them know you are searching for a new job. Ask if they are aware of any opportunities that may align with your experience. Keep them up-to-date on your job search efforts, and consider attending networking events to meet new people and learn about new openings.
- **Focus on the things you can control.** You can't control how quickly a potential employer calls you back or whether they decide to hire you. Rather than focusing on things that are out of your hands, turn your attention to things you can control, such as writing a great cover letter or setting up meetings with your networking contacts.

Starting a business

When faced with a career change, many people make the decision to follow their dreams and start their own business. Starting a business involves research, planning, making key tax and financial decisions, and completing a series of legal activities. To help organize your thoughts and determine if this is the right path for you, research the opportunity and assemble a business plan that includes the goal of the business, how it will be set up, the source of any funding, and your plan for attracting and retaining customers. Thoroughly review your plan with a small business consultant and your personal financial team—your attorney, accountant, tax and financial professional—before you move forward.

Prospective employers may research you on social media channels during the application and interview processes. Look through all of your social media profiles to ensure that they are “employer-friendly,” or set your profiles to private.

A photograph showing a person's hands holding a compass over an open map. The person is wearing a light-colored shirt. The background is a light green and white striped pattern.

Making the transition from here to there

Congratulations! All of your hard work has paid off, and you will soon be starting an exciting, new job! As you begin your new role, you will most likely be concentrating on learning your position and building relationships with your new colleagues. In addition, there are some financial details that should not be overlooked.

- **Consolidate your retirement savings.** When you are starting a new job, you may have the option to move your former employer's retirement savings to your new employer's plan. This will help you to keep all of your retirement savings organized, and in one place. If this is not an option or you would prefer to explore different investment options than what your new employer makes available, consider an IRA rollover.
- **Contribute to your new retirement plan.** Your new employer may automatically enroll you in the retirement plan, or there may be a waiting period. While you may have had a period of time when you were not contributing to a retirement plan, it's important to keep your long-term financial security in mind and pick up right where you left off. Be sure to maximize any opportunity to receive an employer match on your contribution.
- **Ask about health insurance.** Your new employer may have a waiting period before you can join the health plan. If you are still eligible for coverage under COBRA with your former employer, consider enrolling until your new insurance becomes effective to ensure that you and your family are protected.
- **Look into life and disability insurance.** Research the provisions of your new employer's disability and life insurance plans. Does the disability plan cover short- and long-term disability? What percent of your salary will you receive each month if you are unable to work? How much life insurance is provided? If the coverage is limited, consider supplemental policies to safeguard your family's peace of mind.

Don't go it alone

Being in between jobs can be a challenge—professionally, personally, and financially. In times of financial difficulty, consult your financial, legal, and tax professionals for guidance

with your money and investments. Qualified, licensed professionals can help you to objectively assess your situation and make prudent financial decisions while you are unemployed.

Personal cash flow worksheet

This worksheet can help you see where your money is going and develop a budget.

Cash Inflow—Identify all potential sources of income			
	Monthly Amount	Notes	
Spouse A gross salary			
Spouse B gross salary			
Interest income (CDs, fixed income)			
Dividends/Capital gains (stock, mutual funds)			
Rental income			
Annuity payments			
Trust distributions			
Unemployment benefits			
Severance pay			
Other			
Total			
Cash Outflow—Identify all expenses and classify the expense as “essential” or “discretionary.”			
	Monthly Amount	Essential Expense	Discretionary Expense
Food			
Housing (mortgage/rent)			
Utilities (heat, electricity, water, etc.)			
Taxes (state/federal income, real estate, etc.)			
Medical-related			
Insurance premium			
Transportation			
Clothing			
Personal care			
Entertainment			
Recreation/Hobbies			
Gifts/Charity			
Home improvements			
IRA/Savings account contributions			
Loan payments			
Education costs/Tuition			
Credit card payments			
Other			
Other			
Other			
Total			



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