



MAKING CENTS

WHAT TO EXPECT WHEN THE PINK SLIP ARRIVES

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Call it a layoff, a reduction in work force or a departmental elimination. If you've recently been handed that "good-bye and good luck" pink slip, chances are you're feeling a mixture of emotions.

But before you either jump for joy or slump in a chair for a few days of wound-licking, make sure you fully understand the severance benefits package handed to you on that final day of work. Severance packages can differ from company to company, depending on your former employer's exit policy, but it may include severance pay, ranging from two weeks to as much as six months or beyond at the salary you were making. The severance pay term is often related to position and longevity within the company. You should also receive a check for any unused accrued vacation time.

How to proceed with any stock options you may have had should be included in your package. It's not unusual for a company to require you to either purchase or forfeit the options in which you are vested within a certain period of time following a layoff.

Your package may also contain a separation agreement. This is a legal, binding contract

that you will be asked to sign, spelling out the terms of your dismissal. It protects your former employer in two ways - it will state that you can't disclose any of the company's trade secrets and that you won't hold the company liable for your termination.

Health insurance options are also part of a severance package. Some employers may provide you with medical coverage for a limited period of time at the same monthly

rate you had been paying. More likely, medical insurance ends the day of termination and that's where the Consolidated Omnibus Budget Reconciliation Act comes into play.

You can have access to your current coverage under COBRA for 18 months at group rates, plus an administrative fee.

Information explaining your options for employer-sponsored retirement accounts - including 401(k) plans, pension and profit sharing - is essential to a severance package. You can often leave your 401(k) assets in the existing plan even if you no longer work for the company, but a preferable option may be to take control of the investments and roll the proceeds to an IRA.

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