

Knowledge is Power

How Does a Layoff or Potential Layoff Affect Your Retirement Plan?

With the U.S. economy predicted by many experts to slow down in the near future, many people's thoughts have turned to the prospect of a recession. And along with those expectations may come concerns for those still in the workforce about the possibility of layoffs, and needing to get by without earned income for an unknown period of time. Of course, this can cause anxiety, worry and stress. However, these issues can be minimized by preparing your retirement plan for this ahead of time and having the proper game plan in place if it happens.

The last few years have been rough for the economy. We all dealt with inflation, higher costs of goods and services, rising interest rates and a very volatile stock market. All of this has certainly affected companies and businesses, causing many of them to cut back and reduce their workforce. Unfortunately, mass layoffs are a difficult but common occurrence in the business world as companies struggle to adapt to the changing economy. This happened to many companies in 2022, including Cisco, Amazon, Docusign, Lyft and Meta. And in 2023, layoffs continued to include IBM, 3M, Google, Microsoft, Salesforce, Goldman Sachs, DirectTV and Amazon again. Unfortunately, many more companies are expected to follow suit and reduce workforce in 2024 as they adapt to the struggling economy and potential recession, if we are not already in one.

Hopefully this will not affect you or the company where you are employed. But if you are just a little concerned about the possibility of being laid-off, there are many things you can and/or should do ahead of time to minimize the effects on your retirement plan. This involves creating a game plan as to how to replace your income for a temporary period of time from your asset sources. This plan would need to be designed to prioritize how to tap your savings to minimize cost, taxes and fees. You would also need a plan as to how to use employee benefits while they are still available, and to replace health and other insurance. Then, if a layoff does occur, you need a plan to identify

tactical planning opportunities to potentially turn the misfortune of a layoff to your advantage.

Join me this weekend on The Retirement Money Matters Radio Show as we share with you detailed information on how you can prepare for a potential layoff, and if it happens, how to adapt to minimize the effects it could have on your retirement plan. The show airs this Saturday morning at 6 on WIBC (93.1 FM), Sunday morning at 8:00 a.m. on WWKI (100.5 FM) or anytime online at www.theretirementmoneymattersshow.com.