

Planning a Cost-Effective Job Search

Whether you've already cleaned out your desk or are expecting your department to be next at work for cuts, in this economy, it definitely makes sense to plan a job search before you actually have to do one. Call it a response plan.

Here are some basic steps in getting that process started:

Start or build your emergency fund: Unemployment insurance won't even come close to meeting your cash needs when you're out of a job. Start slashing your spending and funnel that extra cash into an emergency fund that won't be touched for anything but essentials – housing payments, food and insurance expenses. Get a head start on building an amount equal to 3-6 months of those expenses as soon as you can, first by cutting your basic spending and then possibly by paying the minimums on debt purchases until you get that fund in good shape. If you've still got your job after you hit your emergency fund target, then keep your tight spending in force and go back to attacking any debt that you have more forcefully.

Get advice on finances, taxes and possible legal issues: There's nothing better than going into an exit interview with a plan to put yourself in the best situation possible when you lose your job. You might start by talking with a CERTIFIED FINANCIAL PLANNER™ professional and a tax expert about any spending, saving or tax specifics you should focus on now as a way to blunt the damage from lost income later. And depending on the situation and your room to negotiate, it might not be a bad idea to invest in the services of a workplace attorney to make sure you know what to ask for in an exit package. Always ask if you can build unused vacation and sick days into a package and see what you can do about extending health benefits before you start having to pick up the cost via COBRA. COBRA refers to the Consolidated Omnibus Budget Reconciliation Act, which gives workers and their families who lose their health benefits the right to choose to continue them under their group plan for a limited time.

Research health coverage beforehand: The recently passed federal stimulus package provides 65 percent subsidy for COBRA premiums for up to 9 months, which is good news because COBRA can be very expensive. In any event, it makes sense to research individual, high-deductible coverage that might be an affordable alternative to staying on your employer's health plan while you're looking for your next job. Many quality carriers offer enrollment online, but ask around and see if friends or associates know good agents who can find coverage that fits you so you'll be prepared if you need it.

Get personal disability coverage now: Disability coverage offered through your workplace may barely cover you if you are disabled while working, but once your job is gone, there goes your coverage. It's always a good idea for individuals to have some personal disability coverage of your own, and you should buy it while you're employed because you need to prove income before you can get the maximum coverage based on your current income.

Understand your unemployment benefits: Generally, it's a good idea to file immediately for unemployment benefits, even if you're getting severance. Check on these provisions as soon as you can. Also remember that the federal stimulus plan applies here as well. Benefits will increase by \$25 per week for some 20 million jobless workers, while the first \$2,400 they receive in benefits will be exempt from federal taxes. Also, if you get a job before your severance or unemployment runs out, use those funds to top off your emergency fund and then attack debt so you're in a good position to weather any future storms.

Take advantage of any free job advice and assistance you can: If your employer is providing office space, resume-writing assistance or any other benefits to help you transition to your next job, by all means, take advantage of them. It's particularly smart to get advice with resume writing because as industries change, the type of experience that hiring executives want to see on resumes changes as well.

Network: Make sure you've identified key professional groups both locally or nationally that will allow you to meet colleagues and hiring executives in your industry or the industry you hope to work in next. And plan to do little things that keep you in touch with potential employers – make sure your cell phone, e-mail and voicemail are always working, and make sure you have resumes, cover letters and an interview outfit always at the ready in case you have a sudden opportunity to interview.

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