



**Q&A WITH MONEY COACH JOHN SAVAGE:**

# Managing Through Unemployment

In the wake of the COVID-19 pandemic, the number of new unemployment claims in the U.S. soared toward nearly 40 million in May.<sup>1</sup> While some jobs are starting to return as cities reopen,<sup>2</sup> millions of Americans remain out of work and are grappling with questions about how to stay afloat financially, and where to turn for assistance.

We raised several of these questions with John Savage, a Certified Financial Health Counselor who has worked in the financial and healthcare industries since 2003. As a Money Coach with My Secure Advantage, he believes that everyone deserves to live a life that is wealthy, healthy and whole.

[My Secure Advantage](#) was developed for the purpose of eradicating financial stress, one person at a time. Its Money Coaches help individuals overcome financial challenges and accomplish financial goals, teaching them new habits along the way.

**Following is a summary of our conversation with John Savage.**

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**If you become unemployed, what are some of the immediate first steps you should take?**

**js:** People are in a range of situations prior to being laid off or furloughed; they might have been working hard but living paycheck to paycheck, or they might have had a six-figure income. So the first thing to do is take an inventory of your specific situation: *Do you have savings, and if so, what does that look like? Do you have a budget in place? What was your income, and when*

*are you getting your last check? When is rent due?* Once this is all laid out, you can figure out your best path for meeting your immediate needs.

Bills will come up fast, so take a look at your available resources and your expenses, and start prioritizing based on your needs. Could you cut out an expensive cable subscription, for example? If you're concerned about making credit card or other debt payments, get in touch with your creditors right away. They may be able to lower your payments or interest rates. You may also be

able to do a balance transfer to a lower-interest credit card.

As we know, there are millions of people filing for unemployment, so get on that as soon as you can. Some employers are working with state unemployment offices to assist their laid-off employees, but you may need to file on your own. In preparation, find out what documentation is required by your state and get all of that in order. This could include things you hadn't thought of, like a résumé outlining your work history.

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### Where can you turn if you don't have much saved?

**JS:** It's important consider all sources of income in your household, including potentially your partner, any side work or businesses, and children, parents or other relatives who may be able to help out. If a member of your household has a business, think about creative, low-cost ways to attract new customers, like utilizing social media. When you're overwhelmed and upset, it can be easy to overlook or forget some of those resources. So if you do have income coming in, even if it's less than you'd normally have to work with, you can start adjusting your budget to focus on your needs.

If not, I'd encourage you to look within your community. There are nonprofit and religious organizations that may offer funding for food, mortgage or rent, or utility payments. Some of them offer assistance on a one-time basis, while others offer more ongoing support.

This is another case where you want to have all of your paperwork together. These organizations are overwhelmed with calls and run out of funding quickly, so when you are reaching out for assistance, it helps them when you've compiled all the necessary information.

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### In addition to contacting community groups for assistance, what are some options if you're worried about making your rent or mortgage payment?

**JS:** Let me emphasize this: communicate, communicate, communicate. As soon as you realize you may have trouble making a payment, reach out to your landlord, rental company or mortgage lender. There may be options available to you, but you have to reach out to take advantage of them. Also document, document, document. Write down who you spoke with, when you spoke with them, what the conversation entailed, and what the resolution of that conversation was. Was it that they would get back to you about your rent? Send you a letter about payment waivers or deferrals?

Look at your rental agreement or mortgage contract to see if it stipulates anything related to difficulty making payments due to extenuating circumstances. You can inquire about loan modifications – some lenders will allow you to adjust your payments based on what you can afford. When making your case, give sufficient detail about your situation but also stick to the facts.

The people making these decisions may only have a few minutes to review your information, so give it to them in a way they can easily digest it.

If you're going to modify your loan, be sure to review all of the new terms. Maybe your existing one has a clause where the lender agrees to carry your mortgage note for a few months if you became unemployed, but that may not be included in the new one – so be sure to read carefully. Homeowners can also try reaching out to HUD (the U.S. Department of Housing and Urban Development) about hardship assistance.



**Morgan Stanley Financial Wellness partners with My Secure Advantage to provide access to Financial Coaching for individuals who qualify. If you participate in the Morgan Stanley Financial Wellness Program, contact your HR representative to see what may be available at your organization.**

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**What are some options to ensure you remain covered with health insurance if you lose your job?**

**JS:** There are several different options, depending on your situation. A common one is COBRA, but it can be expensive, so you'll have to evaluate whether that's something you can afford.

Some workers are already qualified or signed up for Medicare, but maybe their employer's insurance was covering certain things over and above their Medicare coverage. In that case, I'd suggest looking into Medicare Advantage. Many people also qualify for Medicaid, so I encourage speaking with the Department of Health and Human Services about what might be available to you. These plans can change from year to year and can vary by state, and even county, so it's important to read up on the plans and see what's covered, especially if you need a certain prescription or type of care.

There are also private healthcare insurance companies and brokers, as well as the state healthcare markets. I always tell people, before you make a decision, try to look into at least three different options and then compare the pros and cons.

Also, in some states – like California, where I am, for example – there are a lot of programs to help people understand their options and comprehend all the paperwork they need to fill out. Some may connect you with a healthcare representative for free. And there may be particular programs for senior citizens and people with disabilities.

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**If there have been layoffs at your company or within your industry and you're concerned you might be out of work soon, what can you do to prepare?**

**JS:** Start preparing now. I'd ask you, what are you doing right now with your finances? Do you know where your money's going? How do you track your expenses currently? What tools are you using? You start there because if you don't know where you're at, how are you going to get to where you're going?

Then you can start thinking through which adjustments you might need to make. Some of these are easily overlooked. I talked to a couple that was having extra tax withheld so they wouldn't owe anything at tax time. But in speaking with a tax advisor, they learned it was more than necessary, and that's cash they could have had on hand. Also look at what options your employer might be offering you. Will you get a severance package, and for how much? Or, if your position is being eliminated, can you make a lateral move within your company and continue growing there?

If you are still working and in a position to build up some savings now – and even build up some new skills or qualifications – that can offer you some breathing room if you end up wanting or needing to devote your time elsewhere.

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**Do you have any tips for people who are looking to get back into the workforce quickly after a layoff or furlough?**

**JS:** Think about all of your skills and qualifications. Even if you can't find a full-time position right away, there are plenty of companies that maybe looking for someone with your skillset to work on a contract basis. There are many sites for freelancers these days. Even if this isn't part of your long-term plan, you can keep money coming in while expanding your work experience.

I was talking to a man in his 50s who was recently laid off. He had been working hard for decades but didn't have a lot saved and was worried about being able to make his child support payments. I could tell he was doing everything he could do and had already cut back on everything he could cut back on, but he needed to find work. He told me about his MBA and the skills he'd developed over 25 years in sales, and I talked to him about segueing those skills into a new role and looking into some of those freelance platforms.

He went from feeling down and not so confident that he could find a job at his age to feeling optimistic and excited about what he had to offer.

Even in this tough environment, there are opportunities out there and a business owner could be looking for you. Sometimes, instead of casting your net on one side, you cast it on the other side and all of a sudden you catch a lot of fish!



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1 *The Washington Post*, "2.4 million Americans filed jobless claims last week, bringing nine-week total to 38.6 million," May 21, 2020. Available here: <https://www.washingtonpost.com/business/2020/05/21/unemployment-claims-coronavirus/>.

2 *The Washington Post*, "Unemployment rate drops and 2.5 million jobs added, after states reopened," June 6, 2020. Available here: <https://www.washingtonpost.com/business/2020/06/05/may-2020-jobs-report/>.

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