



Facing record job losses, are you prepared to guide your clients?

September 22, 2020

A separation of service can trigger workplace wealth distributions. Even highly compensated employees benefit from conversations on financial and emotional readiness.

Preparing for job loss is never easy to think about. But as COVID-19 grinds on, more companies — even those with stable or surging profitability — are reassessing the way they work, including staffing plans. Many are announcing furloughs, terminations and early retirements, and we expect more to follow this trend. The Department of Labor reports that, as of September 17, 2020, 28.8 million workers are either on or have applied for unemployment benefits. And this number far exceeds the claims filed during the Great Recession.

Clients need advisors to help them prepare for a job loss and navigate the process of separation, including adjusting their financial plan. This can be a singular moment to demonstrate an advisor's value.

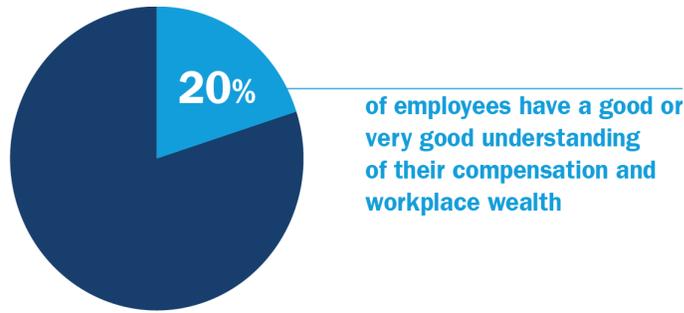
“Financial advisors who are prepared to lean in and demonstrate their value by helping clients manage these stressful events have the opportunity to significantly deepen their client relationships.”

-- Abram Claude, Head of Value-Add and Consultative Services, Columbia Threadneedle Investments



Columbia Threadneedle Investment
Team

▶ Clients need help understanding their workplace compensation



Source: International Foundation of Employee Benefit Plans, Benefit Communication Survey Results as of February 2016

Understanding workplace compensation is critical

Advisors who understand their clients’ specific situation usually bring the greatest value. But there’s a general roadmap that advisors should be prepared to discuss — and it covers all aspects of compensation, including:

- Deferred compensation
- Vesting of equity grants
- Potential sources of income — and the tax implications of accessing it
- The need for interim health care coverage if the client is not granted extended employer coverage or eligible for Medicare

For highly compensated and executive employees, establishing the full clinical picture includes understanding which distributions triggered by separation of service can be controlled (or scheduled) and which cannot.

▶ **Potential sources of income in the event of a job loss**

Work-related assets	Non-retirement assets	Retirement assets
<ul style="list-style-type: none"> ■ Severance package ■ Deferred compensation distributions ■ Accelerated vesting of equity grants ■ Unemployment insurance 	<ul style="list-style-type: none"> ■ Bank and money market savings ■ Home equity line of credit ■ Cash value in life insurance (loan) ■ Taxable investments ■ Social Security (if age 62 or older) 	<ul style="list-style-type: none"> ■ Defined contribution (e.g., 401(k)) plan loans ■ Early defined benefit (e.g., pension plan) distributions ■ Coronavirus-related distribution ■ Roth IRA



Tools to help start the conversation

Opening a dialogue on the subject can be challenging, even for the most prepared advisors. These can be difficult conversations at an emotionally stressful time. But as layoffs and terminations will most likely be an ongoing reality for the foreseeable future, preparing now makes a lot of sense.

We've created a [conversation toolkit](#) that can aid advisors as they address the implications of work separation, including questions to ask prior to the meeting and a worksheet to assess a client's financial picture. For more complex situations, we can provide consultative services to discuss specific elections and decisions an employee needs to consider.

Bottom line: Clients facing a job loss need a trusted advisor

Position your practice as a place where clients trust you to guide them through their financial concerns during one of the most important changes they'll encounter — and one that offers empathetic support throughout the process. The better you can help them navigate through these challenges, the deeper your relationship will be with your client for the long term.

To find out more, call [800.426.3750](tel:800.426.3750)
or visit columbiathreadneedle.com



Not Federally Insured	No Financial Institution Guarantee	May Lose Value
-----------------------	------------------------------------	----------------

Securities products offered through Columbia Management Investment Distributors, Inc., member FINRA. Advisory services provided by Columbia Management Investment Advisers, LLC.

Columbia Threadneedle Investments (Columbia Threadneedle) is the global brand name of the Columbia and Threadneedle group of companies.

The views expressed are as of the date given, may change as market or other conditions change and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, may not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not take into consideration individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon and risk tolerance. Asset classes described may not be appropriate for all investors. Past performance does not guarantee future results, and no forecast should be considered a guarantee either. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate.