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ACTIONS TO CONSIDER IF YOU'RE UNEMPLOYED



The economic downturn of the coronavirus pandemic has left millions of Americans without jobs. If you are newly unemployed, here are seven actions to consider:

1 File for unemployment benefits

To receive unemployment insurance benefits, you need to file a claim with the unemployment insurance program in the state where you worked. Depending on the state, claims may be filed in person, by telephone or online. Federal law permits significant flexibility for states to provide unemployment insurance benefits for COVID-19-related circumstances, including:

- An employer temporarily ceases operations due to COVID-19, preventing employees from coming to work.
- An individual is quarantined with the expectation of returning to work after the quarantine is over.
- An individual leaves employment due to a risk of exposure or infection or to care for a family member.

2 Get on a budget and find ways to cut back

Start with a list of all your income and expenses. Include only expenses that are necessary. Now is the time to cut back on any unnecessary expenses that you can. Stop subscriptions to streaming services and cable, skip the daily visits to the coffee shop drive-thru and avoid online impulse purchases.

3 Health insurance

If you have a spouse or partner with an employer health plan that you're eligible to join, consider looking into that option.

If you and your dependents are covered by an employer-sponsored health insurance plan, a provision of COBRA entitles you to continue coverage when you'd normally lose it. Most larger employers (20+ employees) are required to offer COBRA coverage. Under COBRA you can continue your health insurance for 18 months if your employment has been terminated or if your work hours have been reduced. The premium you pay will be both the employee share and the employer share.

4 Severance

Taking severance pay, if it's offered, in a lump sum gives you control over your money, but you may lose some employee benefits such as group health insurance. If you take your severance as a continuation of salary, you may be able to keep your benefits.

5 Talk to your creditors

Try negotiating with your creditors to lower interest rates on your credit cards, defer a payment or two on your car loan, or reduce your monthly payments temporarily. You also may be able to lower your home mortgage monthly payments by refinancing to a lower rate (if you qualify in spite of your job loss), or by negotiating a longer repayment period.

6 Look for ways to increase your income

Consider a part-time or temporary job. Also, your spouse or partner may be able to get a job if he or she is not already working.

You may be able to borrow from the cash value of your life insurance policies. But you'll be limited as to how much you can borrow by the amount of cash available and other policy restrictions. And you'll be charged interest on the borrowed funds, so if you don't repay the loan, it can reduce your death benefit or even cause the insurance to lapse.

7 Consider a withdrawal from your retirement account

Generally, as a last resort, you may need to consider withdrawing from your tax-deferred retirement accounts, such as your IRA or 401(k). Any money you withdraw from these types of accounts likely will be taxed as ordinary income, but the 10% penalty for early withdrawal (before age 59½) may be waived for coronavirus-related distributions. Always work with your financial and tax advisors before making significant financial decisions like withdrawing from your retirement account.

Filing an application for unemployment benefits

What you need to apply

PERSONAL INFORMATION

1. Social Security number
2. U.S. driver's license or ID card
3. Proof of U.S. citizenship or work authorization

WORK HISTORY

1. From past 18 months (companies, dates, hours, wages, reasons for leaving)
2. From last employer (company info, wages from last work week, reason for unemployment)

Note: Extra forms may be required.

Where to apply

Check your state's unemployment resources

Online



Phone



Fax or mail



What to expect next

1. Possible questions from the state about your claim
2. Documents detailing your claim and award, if granted

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* In U.S. dollars as of December 31, 2020. Source: Ameriprise Q4 Earnings Release. Contact us for more current data.

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CT-MK/115996 A (01/21) RAR0/3403838