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## Voices: How to Guide Clients Who Have Lost Their Jobs

These individuals may need help filling gaps in their insurance coverage and weighing the financial consequences of different life decisions

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Over the years, I have worked with a number of clients who have lost their jobs. It's important that they work with a financial adviser who will help them work through the economic ramifications of being laid off.

The cost of health care is one large component that many clients don't factor in. Most people's health insurance tends to be tied to their jobs. But when that job is gone, they need to figure out how to maintain coverage, such as through a spouse or through Cobra. Most advisers aren't helping clients weigh their options to find the best solution for their financial situation. Yet health-care costs, if they aren't factored in, can completely derail a person's retirement.

I had a client who was let go from his job at age 58 and did his own rough estimates of his income needs using an online calculator. But he neglected to include the cost of health care. We helped him re-craft his financial plan to reflect the cost of health care and other expenses he had overlooked. The client had thought he would be able to retire immediately but, after our analysis, he realized he would need to work longer to live comfortably later on.

Many clients also have life insurance



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and disability benefits tied to their employment that aren't portable. Most advisers are more focused on investments, but when a client loses his job, it's just as important to raise awareness about these potentially lost benefits and help him figure out how to plug major gaps.

Advisers should also work with clients to make sure their asset allocation is still appropriate for their new situation. Let's say a client was planning to work until age 65, but after getting laid off at age 55, decides to retire early. If the investor had a target-date fund in his 401(k), the allocation would need to be adjusted to mitigate risk.

Clients may need an adviser's help managing competing financial priorities now that money has unexpectedly

become tight. For example, there can be dire financial consequences if, on a limited income, clients continue to fund their children's college education instead of saving for retirement. People get so used to their spending patterns that it can be a challenge to reprioritize these things on their own.

We also like to run through several what-if scenarios with clients who may be pondering different options such as embarking on a new career, taking a job they really love for less pay or retiring fully. We model possible financial outcomes based on various projections. With clients who have lost their jobs, it's important to help them understand what their income needs will be while they're not working and help them stay on a financially secure path.