



**THE RETIREMENT
PLANNING GROUP**



TIPS & TRICKS

for those affected by the
Cerner layoff.

PRESENTED BY THE RETIREMENT PLANNING GROUP

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FACING TRANSITION

a guide to help you navigate this challenge

If you are affected by the Cerner layoff, you probably have some big decisions in front of you.

- How does a severance package work?
- What do you do with your 401k?
- Health Benefits?
- Tax consequences for a severance?

We've helped hundreds of families navigate these difficult times and we can likely help you too.

Severance and Unemployment

Did you know the rules are different in Kansas and Missouri?

In Kansas: Severance pay delays the date that an applicant may begin receiving unemployment benefits. Severance pay does not reduce the amount of weeks a claimant is eligible for unemployment benefits. If the payment is made in a lump sum, both the employer and claimant are asked the amount of time the pay was intended to cover. Unemployment benefits will begin after the last day the lump sum payment was intended to cover.

In Missouri: Severance pay is not reportable, so you may file an unemployment claim while receiving severance pay. You cannot determine your eligibility/amount for unemployment benefits until you file a claim

Need help figuring this out?

Call us: 913-498-8898



TAX CONSEQUENCES OF SEVERANCES

don't be left with a large tax bill

Severances have mandatory tax withholding.

Things to take into consideration:

1. Often times, the tax withholding (especially if delivered as a lump sum) will have an extraordinary amount of taxes withheld.
2. If severance is happening this year, and it is paid in a lump sum, you could have 9 months of regular income plus the severance. This could lead to a higher total income and greater tax liability.



TIP: Increase 401k contributions leading up to severance with your final few paychecks. Most severances don't allow for 401k contributions.

You should meet with a CPA for tax projection to prevent under or overpaying. The Retirement Planning Group has in-house tax services and CPA's to help you with these sort of projections and calculations.



YOUR 401(K)

what happens to your retirement savings?

If you have a 401k, you'll likely need to make some decisions with regards to where to move it.

Your options:

1. Roll your 401k over to an IRA.

This allows you access to an unlimited number of investment options. You can manage the account yourself or hire a firm, like ours, to help you manage the IRA. As long as the rollover is done correctly, there should be zero tax consequences.

2. You can personally take the money out of the 401k

However, those funds will be taxed at ordinary income tax rates and if you are under 55 you'll likely owe a 10% penalty as well. We rarely recommend this course of action.

3. Leave the 401k where it is

You will still need to manage it and be limited to the number of funds the company provides for 401k investment options.

Want to learn more about your 401(k) options?

Call 913-498-8898



HEALTH BENEFITS

know your options

Often times when a severance package is issued, Health Insurance can be continued with the company for some duration of time (depending on the severance package).

However you might be offered COBRA coverage or left to find private insurance.

What is COBRA Coverage?

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a health insurance program that allows an eligible employee and his or her dependents the continued benefits of health insurance coverage in the case that employee loses his or her job or experiences a reduction of work hours. For an employee covered under a qualifying event, COBRA coverage can last for 18 months from the date you elect coverage.

Private Medical Coverage:

This can be found by contacting a major insurance carrier either via phone or online. However, applying directly through Healthcare.gov might allow you to apply for a reduced cost based on your expected income for the remainder of the year.

LIFE INSURANCE

does this go away?

Many employees have Life Insurance through the company as part of the benefit package.

Traditionally it is the amount of one year's worth of salary – and you might have been purchasing additional insurance on top of that through the company. Once your employment ceases, so does the life insurance benefits.

Here are your options:

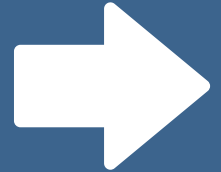
1. Replace that insurance with your own permanent policy (we typically recommend term insurance)
2. If you find employment quickly, you can sign back up for insurance through the new company (assuming they have this benefit option)

The Retirement Planning Group can you identify the right type and amount of insurance to buy.

Wondering if you need insurance? We can help

find a low cost option: 913-498-8898

NEXT STEPS



Simplify your Financial Life

We are a one-stop shop to cover all your financial needs.

Our goal is to help you achieve your retirement dreams. Our financial advisors are dedicated to ensuring you receive the time and attention you deserve to create an individualized strategy. With unbiased, client-centered advice, you can have confidence in your financial future.

We are super easy to work with - in fact, just click below to set a 10-minute call and see if we are a good fit for you! It's no cost, no obligation, and zero pressure!

Speak with a Planner Today!
Schedule a Free 10 minute introductory call

Disclaimer: Every severance package is different. This document is designed to be used as a general guideline. Consult with your HR Department regarding actual benefit and programs available to you. Neither The Retirement Planning Group, Inc. nor its advisors and employees provide legal or tax advice. However, TRPG Tax Advisors, LLC does provide tax advice. If tax or legal advice is required, you should seek the advice of your attorney and/or tax advisor. Investing involves risk, including the risk of loss of principal. There is no guarantee that rates of return will be achieved. Investment allocations are based on historical performance and is no indication of the future performance of your investments. "RIA" means we are registered with the U.S. Securities and Exchange Commission. Registration does not mean a government agency approves an advisor or reviews their qualifications.