

Money Matters

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How to Protect Your Benefits

By Aaron Skloff

Q: What are the top four benefits I should be aware of when leaving my employer?

Taking the extra time to address your benefits before leaving or shortly after you leave your employer can save you from grief for years to come. Without any action, you could forego valuable benefits or jeopardize your health.

Listed below are the top four benefits that should be addressed as soon as possible.

1. **Flexible Spending Account (FSA).** Be sure to submit all your un-reimbursed medical expenses before leaving your employer. FSAs work on a use it or lose it basis – you must spend your balance before the end the year while you are still employed or your old employer keeps the balance.
2. **Retirement Plan.** Whether you have a 401(k), 403(b), or 457(b), be sure any profit sharing and matching has been credited to your account before leaving your employer. Rollover your retirement plan to an IRA. This tax-free transfer avails you to thousands of investment choices most retirement plans do not offer. Consider a tax advantaged transfer of company stock inside your 401(k) plan, using the Net Unrealized Appreciation (NUA) rule.
3. **Life Insurance.** Many employers offer group life insurance as a paid benefit to employees. If continuation is offered, it may be inappropriate and/or too expensive. Consider replacing it with an individual life insurance policy, which is a critical financial planning and estate panning tool.
4. **Health Insurance.** Less than 10% of eligible workers establish COBRA benefits during the normal 60 day window. Many decline COBRA because they must pay the entire premium (plus a 2% administrative fee) their employer was paying, which can easily cost a family \$13,000 a year. The new American Recovery and Reinvestment Act of 2009, which the president signed into law on Feb. 17, includes a 65% subsidy on the cost of COBRA premiums for up to nine months.

Addressing your benefits before leaving and soon after leaving your employer can protect you and your family. Delay action and you could permanently lose benefits. Be sure to speak with an RIA obligated by law to act in your best interest when making key financial decisions.

Note. Aaron Skloff, Accredited Investment Fiduciary (AIF), Chartered Financial Analyst (CFA), Master of Business Administration (MBA) is CEO of Skloff Financial Group, a Registered Investment Advisory firm in Berkeley Heights. He can be contacted at www.skloff.com or 908- 464-3060.