Employment Change

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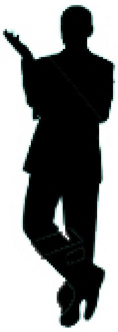

Many people obtain certain kinds of insurance through their employment, particularly health and disability coverage. Larger businesses may also offer retirement benefits, such as a 401(k) account. When changing jobs, rearranging coverage and finding out which accounts are portable becomes very important. A new job can also mean a change in lifestyle, which can also have an impact on insurance.

AUTO

If changing jobs creates a change in the number of miles and where you drive, let the insurance company know. For example, if the old job involved driving a lengthy distance to work and the new job is closer to home and family, you may be able to save money on your auto insurance policy. If you take public transportation and only use your car for pleasure trips on weekends, that matters, too. On the other hand, if you use your private vehicle for business purposes, check with your employer about liability coverage. If you are in an accident, you should be clear whether liability coverage applies to your personal insurance or your employer?s commercial coverage. Many of us try to increase our productivity by making business calls while driving. It?s important to know if your employer has a policy regarding cellphone use in your private car, and whether they consider that business-related or personal time. States are increasingly encouraging or mandating the use of hands-free technology while driving. And, of course, keep track of your usage and expenses for tax purposes. Your auto coverage also comes into play when renting a car. If renting for business purposes, your employer may already have a policy in place. If you decline coverage offered at the rental car counter, your personal auto policy may pay for any damage to the rental car. Check with your insurance company or agent. Your credit cards may also provide basic rental car protection.

HOME

A change of jobs might mean you can work at home. Some companies now allow flexible working schedules. Your employer may also provide some office equipment such as a laptop or fax machine. Your employer?s insurance should cover these items. Standard homeowner?s insurance does not cover commercial business activity. If you are self-employed or do consulting or out-sourced work for a company, you may need your own professional liability coverage. If clients and vendors come to your home, you may need to buy a home business or small businessowners policy.

LIFE

A new job may mean a salary increase. The more you make, the more your family depends on that income, and the more important it becomes to protect it. Remember, the primary purpose for life insurance is to provide lost income if a wage earner dies. You should also be aware of the type of policy you have. If you participated in a group life insurance program with your former employer, that life insurance coverage will probably end when you leave the job, particularly if your employer purchased it. In some cases, you may be able to convert this to an individual policy, for example, when retiring. On the other hand, if you purchased insurance through a group insurance program and you paid for it through payroll deduction, for example, those policies are generally portable and can be taken with you. You would continue to pay on your own.

HEALTH

If you?re changing jobs, one of your first concerns might be maintaining your health care coverage. Under the Consolidated Omnibus Budget Reconciliation or COBRA Act, the federal government requires employers with 20 or more employees to provide healthcare coverage for up to 18 months after a person leaves the job. Dependents are also included in the coverage. To continue receiving this group health insurance, you must inform your employer within 60 days. You continue to pay the full premium and administrative fees. If you do not qualify for COBRA, you may be able to convert your group policy to an individual policy. There are also interim or short-term options that provide medical insurance on a temporary basis, usually a few months. You can only renew this coverage once. The short term policy provides coverage for hospitalization, services such as X-rays and laboratory test, intensive care and surgical needs.

DISABILITY

Disability insurance usually pays up to 70 percent of your income if you are unable to work temporarily or permanently because of an illness or injury. It provides for work-related and non-work related injuries. Ask about disability insurance when discussing benefits with your new employer. The availability of this coverage will vary from one employer to the next. Some employers may allow you to carry disability insurance to your new job, but it?s not guaranteed. Even if your employer offers this coverage, it may be beneficial for you to obtain additional coverage through a private disability insurance policy. If you pay some or all of the cost of this coverage, when you are injured and require this benefit, the portion that you purchased will be tax deductible. If your employer pays for the coverage, it is considered a benefit and is fully taxable.

LONG-TERM CARE

Long term care provides coverage for nursing home care. Some policies cover in home care, but not all. In order to qualify for long-term care, you must lose at least two of the functions of daily activity, such as the ability to dress yourself, or cognitive ability in order to trigger the coverage. You should be able to take your policy with you by converting to an individual policy. A premium increase is likely to accompany a conversion.

FINANCIAL PLANNING

When changing jobs, in most cases, the major question is what to do with your 401(k) account. There are basically three options:

1. Leave it where it is;
2. Roll it into your new employer?s plan; or
3. Convert your 401(k) into an Individual Retirement Account (IRA).

There is nothing wrong with leaving your 401(k) where it is. If you have more than $5,000, you can keep the money in the existing plan until you retire. Consider how your existing plan fit with your changing employment and economic needs. Another thing to consider is the relative financial health of your former employer. If you are leaving because you think your current employer is financially unsteady, take your 401(k) with you, particularly if much of the plan is invested in company stock. Many people have lost their retirement savings when firms filed for bankruptcy. Rolling your existing 401(k) into your new employer?s plan makes sense, particularly if it offers more options. The process is simple, but make sure it?s done properly so that excess charges are avoided. Finally, consider rolling your 401(k) into an IRA. This is the most flexible option because you get to decide how to invest the money. In the typical 401(k), you choose among a limited number of investment options. An IRA becomes a good choice if your new company doesn?t have a retirement plan, or if they don?t accept rollovers. This plan also allows you more control over your retirement plan.

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