Financial Empowerment

The Late-Career Layoff Guide

Practical steps for protecting yourself and your household if your job is at risk.

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Hearing that layoffs might be coming is its own kind of stress. Information may be fuzzy at first, but you always have a choice about how ready you will be if the news lands on you.

This guide covers what to handle now, what to watch for when the meeting happens, and how to think through a severance offer. Most of it you can do quietly, without tipping your hand at work.

If you're married, read this together. A job loss is a household event, and the couples who come through it best are usually the ones who made the plan before they needed it.

One note before you start. This is general information, not legal or tax advice. Before you sign anything, talk to an employment attorney. Before you make the tax and retirement decisions, talk to a planner or CPA who knows your full picture.

Remember: not everything has to be decided right now.

Most of what follows, you can undo. Take your time, get advice, and change course if needed. However, some choices carry real deadlines or turn permanent the moment you make them. Those are the ones to focus on first:

- The window to accept, or to revoke, a severance release. The law gives you one, and it is short.
- The deadline to exercise vested stock options after you leave, which can close within weeks.
- The rollover deadline for an outstanding 401(k) loan balance.
- The enrollment windows for COBRA and for marketplace coverage.
- A pension survivor election, which is usually locked in for good.

Everything else is reversible. The 401(k), the Roth conversion, the job search. Slow these down or wait until the shock has worn off.

1. You heard layoffs might be coming. What should you do now?

The goal right now is simple. Put yourself in a position where a layoff would be a setback rather than a crisis. Here is what to button down while you still have a paycheck and full access to your benefits.

Cash and expenses

- Know your real monthly number. Add up the bills that do not stop if the income does: housing, insurance, food, minimum debt payments, childcare. That number, not your salary, tells you how long you could go.
- Build the runway. Aim for enough cash to cover 3-6 months of that number. If you are short, this is the moment to slow discretionary spending and move money into savings.
- Do not take on new fixed costs. Hold off on the new car, the big renovation, anything that adds a monthly payment you would have to carry without income.

Credit, while you still qualify

- If you were already planning to refinance the mortgage, open a home equity line, or take out a loan, do it now. Lenders verify employment, and you may not qualify the same once you are out of work. A line of credit opened while employed is a backstop you may never need to touch.

Benefits you are about to lose access to

- Spend down your FSA. It is use-it-or-lose-it, and access can end with the job. Book the appointments, order the glasses, fill the prescriptions.
- Handle medical and dental now. Anything you have been putting off is cheaper on your current plan than on COBRA or during a gap.
- Know your HSA. That money stays yours, but confirm the balance and how you will reach it after you leave.

Equity and retirement

- Pull your equity compensation details. Know your vesting schedule, what happens to unvested RSUs or options if you are terminated (usually forfeited), and the exercise window on anything vested. That window is often short after you leave, and missing it can mean losing the value.
- Check for a 401(k) loan. An outstanding loan against your 401(k) starts a repayment clock when you leave. Know the balance now so it does not surprise you later.
- Confirm your match vesting. You keep what has vested. Know where you stand.

- If you have nonqualified deferred compensation, pull the payout schedule. Leaving usually triggers distribution on the plan's own timetable, which can arrive as a large, taxable lump you cannot control. Know the timing before you count on that money.

Paper trail

- Save the documents you will want later to a personal email or device, not your work account: pay stubs, benefits summaries, equity grant agreements, your offer letter, the employee handbook, and recent performance reviews.
- Keep your own contacts and references. Note the colleagues and managers who would speak for you.
- Quietly refresh your resume and LinkedIn. You're not job hunting yet, but be ready if you need to.

2. HR wants a meeting. What should you know before you walk in?

If HR schedules a meeting and you suspect what it is about, a few things are worth understanding first. None of this is legal advice, and if anything here raises a real question for your situation, an employment attorney is worth the call before you sign a word.

What at-will employment means

In Texas and most states, employment is "at-will". This means your employer (or you) can end the relationship without giving a reason. What they cannot do is let you go for an illegal reason, such as your age, race, sex, religion, or disability, or in retaliation for a protected complaint. If you have real reason to believe the layoff is ~~actually~~ about one of those things, ~~stop and~~ talk to an attorney before you sign anything.

You do not have to sign in the room

Whatever they hand you, you are almost never required to sign it on the spot. Take it home. Read it when the shock wears off. Don't make big decisions under stress.

What to ask about, or confirm in writing afterward

- Your last day, and whether pay or benefits continue past it.
- Whether this is a layoff with your position eliminated, or a termination for cause. The difference matters for unemployment and for how you describe it later.
- When your health insurance ends, and the COBRA details.
- What happens to your accrued PTO. Texas does not require a payout unless company policy or your agreement provides one, so check.
- When you will receive your final paycheck.

- What happens to your equity and your 401(k), including any outstanding loan.
- Whether you are being asked to sign a release, and exactly how long you have to decide.
- The stated reason for the separation, in writing if they will provide it.

Two protections worth knowing

- If you are 40 or older and they ask you to sign away the right to bring an age discrimination claim, the law gives you time. You get at least 21 days to consider it (45 days if it is part of a group layoff) and 7 days to change your mind after you sign. Anyone pushing you to sign faster than that is not following the rules.
- If this is a large layoff, federal law (the WARN Act) may require 60 days of notice or pay in place of it. Ask whether it applies to you.

How hard to push back

Severance is often **negotiable**, especially if you've been there a long time, sat at a senior level, or have legal leverage. Push back is a strategy, not a reaction. Stay professional. Don't burn bridges. If you think you have leverage, an attorney can tell you how much and how to use it. This is the one place where paying for an hour of legal advice can be well worth it. You may be negotiating between HR and management, so be nice to the HR person. They can signal where there's room to negotiate or not.

3. You have the severance package. Now what?

A severance offer is a trade. Usually you are giving up the right to sue in exchange for money. Before you sign, understand both halves of that trade.

Read what you are giving up

- A release of claims means you waive your right to bring legal action. That is standard, but read it before you agree to it.
- Look for a non-compete, a non-solicitation clause, a non-disparagement clause, or a cooperation requirement. A non-compete can limit where you work next, and enforceability varies by state, so have one reviewed before you sign.
- Use your full review window. If you are 40 or older, that window is yours by law. Decisions made in the first 48 hours under stress tend to be worse than the same decisions made a week later.

The money and the taxes

- Severance is taxable wages. Know whether it comes as a lump sum or as salary continuation. Continuation can keep you on benefits longer and can change when unemployment benefits start.
- Ask whether the number is negotiable, especially given your tenure and level.

Health insurance

- You have more than one path: COBRA, joining your spouse's plan (a job loss opens a special enrollment window), or the Affordable Care Act (ACA) marketplace. Do not assume you know which is cheapest until you have priced all three for your own situation.
- The marketplace math changed for 2026. The enhanced subsidies that had capped premiums at a share of income expired at the end of 2025, and the old subsidy cliff is back: earn a dollar over a set income line and the premium credit can fall to zero. A severance payout, a working spouse, or investment income can push a household over that line, which can make the marketplace more expensive than COBRA.
- These rules are unsettled in Congress right now, so price your actual expected income before you choose, and look again if the law moves.

Unemployment

- File promptly. In some states, severance can delay or reduce your benefits depending on whether it is paid as a lump sum or as continuation. File anyway and let the state sort out the timing.

Your retirement accounts

- Do not rush to move your 401(k). Leaving it in place, rolling it to an IRA, and the other options each carry consequences. Decide deliberately, not in the first week. Take your time, talk to an experienced financial adviser, and weigh your options.
- If you had a 401(k) loan, the unpaid balance is generally treated as a distribution when you leave. You usually have until your tax filing deadline for that year, including extensions, to replace the offset amount in an IRA. Otherwise, you will owe income tax and penalty on the outstanding loan amount. Don’t let the deadline pass by accident.

If you hold a lot of company stock

- If a chunk of your 401(k) sits in your employer's stock, do not roll it out reflexively. There is a tax treatment called net unrealized appreciation (NUA) that can prevent thousands in capital gains taxes on appreciated company shares, but certain steps must be followed. Rolling everything to an IRA can forfeit this opportunity.
- Talk to an adviser before you move anything.

The opportunity most people miss

If the layoff means little or no earned income for the rest of the year, you may be sitting in a lower tax bracket than you have seen in years. That can open a window for a Roth conversion, or for realizing gains at a low rate. Whether it makes sense depends on your full picture, but it is worth asking before the year closes.

One caution before you do it: if you are covering yourself through the marketplace, a Roth conversion or a large realized capital gain can lift your income over the subsidy line and quietly

cost you the health-insurance credit. The tax move and the insurance choice are really one decision, not two, which is exactly the kind of thing worth checking before you act.

If you are within a few years of retirement

For some people, a layoff in their late 50s or early 60s is not a detour. It is the start of retirement, earlier than planned. If that might be you, the severance decision, the health insurance bridge to Medicare, and how you draw income are no longer separate questions. They become one plan. That is worth sitting down for, with both of you in the room.

You don't have to work all of this out alone.

Handle the decisions with a clock first, protect your household, and give the reversible decisions time. If a layoff has put your retirement timeline in play and you want a second set of eyes on the whole picture, I'd be happy to talk. The call is free, no sales pitch, just a conversation about where you stand and what your options are.

Schedule a conversation here: calendly.com/matthewgagnon/prospect_fit

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