

## Is This the Season to Change Jobs?

*The top financial considerations for those ready to make a move.*

Provided by Chris Eller

**Switching from one job to another can literally pay off.** Data from payroll processing giant ADP confirms that statement. In the first quarter of this year, the average job hopper realized a 6% pay boost. The salary increase averaged 11% for workers younger than 25.<sup>1</sup>

A recent LinkedIn study found that Generation Y is making job switching something of a habit: on average, millennials will change jobs four times from age 22-32. This compares to an average of two job moves in the first decade out of college for Generation X.<sup>2</sup>

As you change jobs at any age, you need to take care of a few things during the transition. On your way to (presumably) higher pay, be sure you address these matters.

**How quickly can you arrange health coverage?** If you already pay for your own health insurance, this will not be an issue. If you had coverage at your old job and now need to find your own, fall is the prime time to start shopping for it. Open enrollment season at the Health Insurance Marketplace runs from November 1 to January 31. If you enroll in a plan by December 15, 2016, your coverage will begin on January 1, 2017.<sup>3</sup>

If you were enrolled in an employer-sponsored health plan, you need to find out when the coverage from your previous job ends – and, if applicable, when coverage under your new employer's health plan begins. If the interval between jobs is prolonged, and COBRA will not cover you for the entirety of it, you may want to check whether you can obtain coverage from your alumni association, your guild or union, or AARP. If you are leaving a career to start a business, confer with an insurance professional to search for a good group health plan.

**What happens with your retirement savings?** You likely have four options regarding the money you have saved up in your workplace retirement plan: you can leave the money in the plan, roll it over into an IRA, transfer the assets into the retirement plan at your new job (if the new employer allows), or cash out (the withdrawal will be taxed and you may be hit with an early withdrawal penalty as well).<sup>4</sup>

You will want to see how quickly you can start saving and investing through your new employer's retirement program, whether you are able to transfer assets from the old plan into the new one or not. If the company offers a match, when will it apply?

**Can you manage your cash flow effectively between one job & the next?** You do not want to tap your emergency fund or your retirement accounts for cash during the transition, so do the little things to guard against that possibility. Postpone big purchases, avoid running up large credit card debts you will regret later, eat in rather than out, and buy what you really need rather than what you merely want.

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See if you can put off most of your holiday spending until late November. A cash flow worksheet (which can be found online, for free) can help you track your essential and discretionary household spending.

**Each year, about 20 million Americans move on to a new job.** If you will soon join their ranks, make sure that you keep household money and insurance matters top of mind, and strive to keep saving for your future at your new workplace.

Chris may be reached at 815-539-3437 or [chris.eller@investmentcenters.com](mailto:chris.eller@investmentcenters.com).  
[www.chris-eller.com](http://www.chris-eller.com)

#### Citations.

- 1 - qz.com/666915/when-to-switch-jobs-to-get-the-biggest-salary-increase/ [4/21/16]
- 2 - money.cnn.com/2016/04/12/news/economy/millennials-change-jobs-frequently/ [4/12/16]
- 3 - healthcare.gov/quick-guide/dates-and-deadlines/ [9/29/16]
- 4 - lifereimagined.aarp.org/stories/14481-Financial-Checklist-for-Job-Changers [9/29/16]

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