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How Advisors Help Clients Rebound From Job Loss

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When advisors draft a financial plan for a client, they weigh a future filled with unknowns. Family breadwinners may suffer a job loss. Markets can collapse. [Inflation can exceed expectations](#).

Ideally, advisors position a portfolio to withstand calamity. When events swirl beyond their control, they prove their value by helping clients deal with turbulence.

Advisors seek to protect clients from worst-case scenarios. If misfortune strikes, the challenge is muddling through while limiting any lasting damage.

James Regan understands all too well how adverse events can upend the best-laid plans. He had a front-row seat as his father persevered amid a series of unexpected setbacks.

Regan, 40, co-founded [SharpePoint](#), a Phoenix-based wealth management firm. In late 2011, his father's employer — **American Airlines (AAL)** — filed for bankruptcy.

His father, a pilot, kept his job. But it came with a 30% pay cut.

In an industry where pensions play a huge role in an employee's benefit package, another financial blow hurt even more. Regan's father sustained a 50% cut in his pension.

Then in his mid-50s, his father had counted on his full pension as a [cornerstone of his financial plan](#). But high fuel prices, low travel

demand and other hits to the airline business caused everything to unravel.

Regan was just starting his financial planning career in the early 2010s. His father didn't have an advisor, so Regan helped him take steps to replace lost pension income such as purchasing annuities.

An Advisor's Job: Plan For The Worst Including Job Loss

Regan's father rebounded from his employer's bankruptcy and worked for another decade. He retired at age 64 in 2020.

During that time, Regan launched his firm with a keen awareness of how unexpected events can cause financial turmoil like job loss. He works with clients to consider worst-case outcomes and plan accordingly.

"I saw the worst-case scenario happen right before my eyes," he said. "I saw what can happen if a life-changing event smacks you in the face."

He educates midcareer professionals about the costs they will face in their 60s and beyond. Examples include Medicare Part B premium and other health care expenses.

Job Loss Can Scuttle Pensions

If clients assume they will receive their full pension for the rest of their life, he shares his father's experience as a cautionary tale. Some people think that because the federal government insures pensions, they need not worry.

Regan warns them that while the Pension Benefit Guaranty Corp. offers some protection, individuals may only recover part of their pension if their employer cannot fund it adequately.

He doesn't shy away from planning for the worst. Job loss is a key in his planning. He often asks clients, "What if you lose your job?"

They review the client's assets in tax-deferred retirement accounts such as a 401(k) and any debts or mortgages. They discuss whether buying a life insurance policy with a long-term-care rider might make sense.

"We also talk about tax distribution planning and [Social Security planning](#)," he said. He covers the rules for required minimum distributions on IRAs and their impact on retirement planning.

Career Coaching When The Chips Are Down

Like many advisors, Regan doesn't just help clients plan for the worst so that they're prepared to survive a crisis. He also seeks to support their efforts to regroup after such events occur.

In recent years, he has counseled dozens of clients who experienced sudden job loss. Distraught and [unsure of their future](#), they're vulnerable and eager for guidance.

"They show anger, resentment and a feeling of being rejected," he said. "They didn't plan on losing their job at (age) 55 or 57. Some have deep depression."

Regan treads lightly. He knows that clients who are shaken by job loss may need time to process what happened.

"Sometimes, they repeat why they're so frustrated," he said. After letting them vent, he tries to gently shift their attention to the next chapter of their life.

Break Planning Into Nuggets After Job Loss

Rather than overwhelm them with a long to-do list, he dishes out advice in bits and pieces.

"If I hit them with five things, they may not do anything," he said. "So I get them to focus on just one thing at a time" to advance their job search.

For instance, he may work with them to update their LinkedIn profile and refine their online networking strategy. He urges clients to personalize their LinkedIn invitations when seeking to connect with strangers rather than send a standard boilerplate request.

Regan also tries to polish their communication skills. He's especially attuned to older clients who may not be accustomed to meeting a much younger hiring manager at job interviews.

"I help them with interview tips," he said. "The language differs when you're 57 and talking to a 35-year-old."