



# St. Mark Career Ministry

Toolkit for the Careers in Transition

# Summary

- **Resources of Immediate Need**

- Unemployment Insurance
- COBRA & Health Insurance

- Key Financial Tools

- How to face the financial tide (What to do right away)
- Budgeting 101

# Summary of Unemployment Insurance in North Carolina

- All claimants, except those who are still attached to an employer's payroll, must
  - (a) Register for work with the Employment Security Commission
  - (b) File a claim for each calendar week of benefits they request
  - (c) Actively seek work during any week for which unemployment benefits are claimed.

For details of unemployment insurance in North Carolina, visit [www.ncesc.com](http://www.ncesc.com)

# Unemployment Insurance

- ***Who is eligible to receive benefits?***

- Potentially eligible claimants must have become unemployed through no fault of their own.

- ***How long must I have worked to qualify for unemployment benefits? How much will my benefits be?***

- “Base period” is the term used to define the time frame used as the basis for determining whether or not you will be monetarily eligible for unemployment. It is normally the first four of the last five calendar quarters.
- You must have wages in two of the base period quarters to be monetarily eligible. Your weekly benefit amount and the number of weeks of entitlement to benefits are based on the wages you were paid and amount of time you worked during your base period.
- The exact amount of benefits and the duration of those benefits cannot be determined until you actually file your claim for benefits.

# Unemployment Insurance

## •*How do I file a claim in North Carolina?*

- The Employment Security Commission provides three methods for individuals to file a claim for unemployment insurance benefits. All three options are available for those individuals who are totally separated from their employment, and wish to apply for benefits.
  - (a) File Online: this option allows claimants to apply for benefits online. You can [file for benefits](#) in as little as 20 minutes.
  - (b) File by Telephone: ESC provides a toll-free number which allows individuals to file for benefits. Customers can call 1-877-841-9617 (toll-free, 24-hours a day, seven days a week) to file an initial claim.
  - (c) File in Person:an individual may file a claim for benefits at the nearest ESC office. For a complete listing of ESC offices, refer to the **Contact ESC** link or use the online locator [ESC Office Locator](#).

# COBRA: A Summary

## • *What is COBRA?*

- COBRA provides certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates.
- This coverage, however, is only available when coverage is lost due to certain specific events. (loss of a job / reduction in hours)
- Group health coverage for COBRA participants is usually more expensive than health coverage for active employees, since usually the employer pays a part of the premium for active employees while COBRA participants generally pay the entire premium themselves. It is ordinarily less expensive, though, than individual health coverage.

For details of COBRA benefits, visit the [US Department of Labor](#)

# COBRA: A Summary

## ***•COBRA Continuation Coverage Assistance Under The American Recovery And Reinvestment Act:***

- The American Recovery and Reinvestment Act of 2009 (ARRA) provides for premium reductions and additional election opportunities for health benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly called COBRA.
- Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit.
- The premium reduction applies to periods of health coverage beginning on or after February 17, 2009 and lasts for up to nine months for those eligible for COBRA during the period beginning September 1, 2008 and ending December 31, 2009 due to an involuntary termination of employment that occurred during that period.

For details of COBRA benefits, visit the [US Department of Labor](#)

# COBRA: A Summary

- ***Which employers are required to offer COBRA coverage?***

- Employers with 20 or more employees are usually required to offer COBRA coverage and to notify their employees of the availability of such coverage.
- COBRA applies to plans maintained by private-sector employers and sponsored by most state and local governments.

- ***Who Pays for COBRA Coverage?***

- Beneficiaries may be required to pay for COBRA coverage.
- The premium cannot exceed 102 percent of the cost to the plan for similarly situated individuals who have not incurred a qualifying event, including both the portion paid by employees and any portion paid by the employer before the qualifying event, plus 2 percent for administrative costs.

# COBRA: A Summary

## •How long must COBRA continuation coverage be available to a qualified beneficiary?

- Up to 18 months for covered employees, as well as their spouses and their dependents, when workers otherwise would lose coverage because of a termination or reduction of hours.
- Up to 29 months is available to employees who are determined to have been disabled at any time during the first 60 days of COBRA coverage and applies as well to the disabled employee's nondisabled qualified beneficiaries.
- Up to 36 months for spouses and dependents facing a loss of employer-provided coverage due to an employee's death, a divorce or legal separation, or certain other "qualifying events".

For details of COBRA benefits, visit the [US Department of Labor](#)

# Comparing COBRA to Other Health Insurance Providers

## •Points to Ponder:

- COBRA can be expensive because employers typically do not pay any of the premium .
  - Employees can be required to pay up to 102% of monthly premium .
  - Healthy individuals may be able to purchase a plan on their own for less than their COBRA premium.
- Compare you SUBSIDIZED COBRA premium to individual / family health plans at sites such as [www.ehealthinsurance.com](http://www.ehealthinsurance.com).

# COBRA & North Carolina Continuing Coverage

## •Employers with less than 20 employees are bound by North Carolina Continuing Coverage:

- Up to 18 months for covered employees, as well as their spouses and their dependents, when workers otherwise would lose coverage because of a termination or reduction of hours.
- Cost is 102% of the premium, however, there are no grace periods. If a participant becomes eligible under any other form of group coverage, whether they elect coverage or not, they lose eligibility.
- Participants are eligible for the subsidy under The American Recovery And Reinvestment Act: Eligible individuals pay only 35 percent of their COBRA premiums and the remaining 65 percent is reimbursed to the coverage provider through a tax credit.

# “I’ve Lost My Job: What Do I Do First?”

- **Resources of Immediate Need**

- Unemployment Insurance
- COBRA & Health Insurance

- Key Financial Tools

- ***How to face the financial tide (What to do right away)***
- Budgeting 101

# “I’ve Lost My Job: What Do I Do First?”

## • *How to face the financial tide (What to do right away)*

- Immediately take stock of your finances, including savings, spendable assets, and income, including severance pay or state unemployment compensation.
- Set up a short-term budget.
- Know your bottom-line monthly needs, including how much money is required to pay your bills.
- Cut expenses in every way possible.
- Make arrangements with creditors to reduce payments on a temporary basis.
- Project your cash flow and available assets in light of this short-term budget.
- Determine how long you can afford to be without a job.

# Budgeting 101

- **Resources of Immediate Need**

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- ***Budgeting 101***

# Budgeting 101

- The goal of the budget is the survival of the family or group for which it is created.
- There has to be total honesty within the family or group for which the budget is created. There are no secret expenses which other members may not know about.
- No expenditure is too precious to be touched or cut. Social status or consideration of such and expenses associated with them (the "what will the neighbors or my peers think" syndrome), are all open to question.
- Cooperation from all family or group members is the key. There has to be continued discipline.

# Budgeting 101

- The budget will be structured on the basis of:
  - Essential Expenditures:** Those that are required for survival and are therefore inflexible.
  - Non-essential expenditures.** Any expense that has some degree of flexibility or discretion.

| Inflexible  | Flexible  |
|---|---|
| Housing (mortgage, rent, property taxes, home insurance)          | Clothing and shoes                                      |
| Utilities (Gas, Electricity, Water, Garbage fees) and Phone Line  | Club Fees (sports and membership clubs)                 |
| Food, cleaning and laundry detergent                              | Eating in Restaurants (including fast food places)      |
| Essential Health care, Medical Insurance and essential Medication | Fees for Services (cleaning services, babysitting, etc) |
| Car Payment for <b>one car</b> , Gas and Car Insurance            | Secondary Cars for family members                       |

# Focusing On Essential Expenses

- After determining all sources of income, budget each category of essential expenses on a weekly or monthly basis.
- Below is an example of a monthly budget (due to space), however, a weekly budget is better since it is much easier to control.
- Be very conservative in estimating income. Don't overstate what you can earn after a job loss or in a troubled economy. A budget doesn't become invalid if you earn more or spend less.

| Items   | JAN          | FEB          | MAR          | April        | MAY          | JUN          | JUL          | AUG          | SEPT         | OCT          | NOB          | DEC          | TOTAL         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Opening Balance in Checking (A)                 | -            | 724          | 298          | 1,328        | 1,527        | 1,726        | 1,925        | 927          | 429          | 131          | 133          | 135          | -             |
| Withdrawal from Savings (B)                     |              | -            | -            | -            | -            | -            | 1,000        | 1,500        | 1,700        | 2,000        | 2,000        | 2,000        | 10,950        |
| Income:   |              |              |              |              |              |              |              |              |              |              |              |              |               |
| Unemployment                                    | 2,197        | 2,197        | 2,197        | 2,197        | 2,197        | 2,197        | -            | -            | -            | -            | -            | -            | 13,182        |
| Wife's Income                                   | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 2,357        | 28,284        |
| Other Income                                    | 1,375        | 75           | 1,230        | 300          | 300          | 300          | 300          | 300          | 300          | 300          | 300          | 300          | 4,630         |
| <b>Total Income (C)</b>                         | <b>5,929</b> | <b>4,629</b> | <b>5,784</b> | <b>4,854</b> | <b>4,854</b> | <b>4,854</b> | <b>2,657</b> | <b>2,657</b> | <b>2,657</b> | <b>2,657</b> | <b>2,657</b> | <b>2,657</b> | <b>46,096</b> |
| Primary Mortgage (incl., Tax and Insurance)     | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 2,185        | 26,220        |
| Gas, Electricity, Water, Garbage                | 375          | 375          | 375          | 375          | 375          | 375          | 375          | 375          | 375          | 375          | 375          | 375          | 4,500         |
| Phone, Internet                                 | 350          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 2,550         |
| Food, Laundry, Dry Cleaning                     | 950          | 950          | 950          | 950          | 950          | 950          | 950          | 950          | 950          | 950          | 950          | 950          | 11,400        |
| Children's Allowance, Lunch Money               | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 120          | 1,440         |
| Entertainment                                   | 50           | 50           | 50           | 50           | 50           | 50           | 50           | 50           | 50           | 50           | 50           | 50           | 600           |
| Car Payment                                     | 750          | 750          | 350          | 350          | 350          | 350          | 350          | 350          | 350          | 350          | 350          | 350          | 5,000         |
| Gas and Car Repair and Insurance                | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 2,400         |
| Medication, Doctor, Dentist                     | 25           | 25           | 125          | 25           | 25           | 25           | 25           | 25           | 125          | 25           | 25           | 25           | 500           |
| Misc.   | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 200          | 2,400         |
| <b>Total Expenditures (D)</b>                   | <b>5,205</b> | <b>5,055</b> | <b>4,755</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>4,655</b> | <b>56,910</b> |
| Closing Balance (Carried Forward) (A+B+C-D)=(E) | 724          | 298          | 1,328        | 1,527        | 1,726        | 1,925        | 927          | 429          | 131          | 133          | 135          | 137          | 137           |

# Focusing On Non-Essential Expenses

- The **non essential expenditures** here, are all expenses for items which will not immediately affect day to day life. We have included a boat and condo and all expenses on credit cards, revolving credit lines and other financial debt instruments.
- We have made the assumptions that the family will be able to get out of a boat leasing contract, and therefore will end all costs associated with the boat, within three months.
- On the other hand, we have not assumed, that the family will be able to sell its condo within a year.
- Finally, the family cancels its relatively expensive and high cost life insurance. It is possible to switch to a cheaper term life insurance, where the expenses (probably about \$75 a month) would then come out of Misc. expenses.

| Items   | JAN           | FEB          | MAR          | April        | MAY          | JUN          | JUL          | AUG          | SEPT         | OCT          | NOB          | DEC          | TOTAL         |
|---|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Credit Cards  |               |              |              |              |              |              |              |              |              |              |              |              |               |
| Walo Bank   | 625           | 625          | 625          | 625          | 625          | 625          | 625          | 625          | 625          | 625          | 625          | 625          | 7,500         |
| IB Bank   | 900           | 900          | 900          | 900          | 900          | 900          | 900          | 900          | 900          | 900          | 900          | 900          | 10,800        |
| AMEXCO  | 1,660         | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 1,660         |
| Mortgage on Secondary Home (incl., Tax and Insurance) | 1,212         | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 1,212        | 14,544        |
| Gas, Electricity, Water, Garbage, on 2nd Home         | 150           | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 150          | 1,800         |
| Revolving Credit                                      | 1,520         | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 1,520        | 18,240        |
| General Bank Loan                                     | 743           | 743          | 743          | 743          | 743          | 743          | 743          | 743          | 743          | 743          | 743          | 743          | 8,916         |
| Car and Boat Leases (list individually)               | 1,350         | 1,350        | 1,350        | -            | -            | -            | -            | -            | -            | -            | -            | -            | 4,050         |
| Condo Fee   | 725           | 725          | 725          | 725          | 725          | 725          | 725          | 725          | 725          | 725          | 725          | 725          | 8,700         |
| Boat Storage  | 659           | 659          | 659          | -            | -            | -            | -            | -            | -            | -            | -            | -            | 1,977         |
| Boat Insurance  | -             | -            | 120          | -            | -            | -            | -            | -            | -            | -            | -            | -            | 120           |
| Life Insurance  | 300           | 300          | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 600           |
| School Fees   | 950           | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | -            | 950           |
| Misc.   | 100           | 100          | 100          | 100          | 100          | 100          | 100          | 100          | 100          | 100          | 100          | 100          | 1,200         |
| <b>Total Non Essential Expenditure (F)</b>            | <b>10,894</b> | <b>8,284</b> | <b>8,104</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>5,975</b> | <b>81,057</b> |

# Projecting Short Term Assets

- This case assumes the family starts with \$90,468 of short term savings.
- Without getting a job or obtaining a new major source of income, the family's savings should last approximately one year, without defaulting on anything.
- At the end, the family will still own its major assets (house and his condo) and the analysis assumes that the family did not have to liquidate any long term retirement assets.
- But the next year would be different. Therefore, in the middle of the budgeting year, in June and maybe again at the beginning of October, the family will have to make some major decisions, if things do not change.

| Items                                       | JAN     | FEB    | MAR    | April  | MAY    | JUN    | JUL    | AUG    | SEPT   | OCT    | NOB    | DEC    | TOTAL   |
|---|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Opening Balance Short Term Liquid Assets    | 90,468  | 78,824 | 70,540 | 62,436 | 56,461 | 50,486 | 44,511 | 37,536 | 30,061 | 22,386 | 14,411 | 6,436  | 90,468  |
| To Essential Expenditures (B)               |         |        |        |        |        |        |        |        |        |        |        |        |         |
|   | -750    | -      | -      | -      | -      | -      | -1,000 | -1,500 | -1,700 | -2000  | -2000  | -2000  | -10,950 |
| To cover non essential Expenditure from (F) |         |        |        |        |        |        |        |        |        |        |        |        |         |
| Gain or (Loss) from Sale of Assets          | -10,894 | -8,284 | -8,104 | -5,975 | -5,975 | -5,975 | -5,975 | -5,975 | -5,975 | -5,975 | -5,975 | -5,975 | -81,057 |
| Closing Balance Short Term Liquid Assets    |         |        |        |        |        |        |        |        |        |        |        |        |         |
|   | 78,824  | 70,540 | 62,436 | 56,461 | 50,486 | 44,511 | 37,536 | 30,061 | 22,386 | 14,411 | 6,436  | -1,539 | -1,539  |

# Analyzing The Budget on a Weekly Basis

- Now you have a budget and you start spending money. The primary key is to live within your budget. The best way to do this is to create and control the budget on a weekly basis.
- You need three columns for every week: Budget Expenditure, Actual Expenditure & Variance (or difference between the two).
- You have to enter the actual expenditure each week and calculate how far you have strayed from your expenditure.

| Items                                       | Week 1 |        |                   | Week 2 |        |                   | Week 3 |        |                   |
|---|--------|--------|-------------------|--------|--------|-------------------|--------|--------|-------------------|
|   | Budget | Actual | Variance<br>[+/-] | Budget | Actual | Variance<br>[+/-] | Budget | Actual | Variance<br>[+/-] |
| Opening Balance in Checking                 | -      | 750    |                   | -2,015 | -1,701 | -                 | -2,395 | -2,076 |                   |
| Add fr. Saving (A)                          |        |        |                   |        |        |                   |        |        |                   |
|   | 750    |        |                   | -      | -      |                   | -      | -      |                   |
| Income *)                                   | 100    | 250    | 150               | 250    | 150    | -100              |        |        |                   |
| Unemployment                                |        |        |                   |        |        |                   | 1,021  | 1,021  | 0                 |
| Wife's Income                               |        |        |                   |        |        |                   | 1,099  | 1,099  | 0                 |
| Other Income                                |        |        |                   |        |        |                   | 100    | 150    | 50                |
| Primary Mortgage (incl., Tax and Insurance) | 2,185  | 2,185  | 0                 | -      | -      | -                 | -      | -      | -                 |
| Gas, Electricity, Water, Garbage            | 150    | 120    | -30               | 100    | 125    | 25                | 50     | 50     | -                 |
| Phone, Internet                             | 0      | 0      | 0                 | 200    | 150    | -50               | 150    | 180    | 30                |
| Food, Laundry, Dry Cleaning                 | 350    | 280    | -70               | 250    | 180    | -70               | 150    | 180    | 30                |
| Children's Allowance, Lunch Money           | 30     | 30     | -                 | 30     | 30     | -                 | 30     | 30     | -                 |
| Entertainment                               | 50     | 10     | -40               | -      | 20     | 20                | -      | 10     | 10                |
| Car Payment **)                             | -      | -      | -                 | -      | -      | -                 | 750    | 750    | -                 |
| Gas and Car Repair and Insurance            | 50     | 46     | -4                | 50     | 20     | -30               | 30     | 30     | -                 |
| Medication, Doctor, Dentist                 | -      | 20     | 20                | 0      | 0      | 0                 | 25     | 10     | -15               |
| Misc.                                       | 50     | 10     | -40               | 0      | 0      | 0                 | 50     | 30     | -20               |
| Total Expenditure                           | 2,865  | 2,701  | -164              | 630    | 525    | -105              | 1,235  | 1,270  | 35                |
| Closing Balance (Carried Forward)           | -2,015 | -1,701 | 314               | -2,395 | -2,076 | 319               | -1,410 | -1,076 | 334               |