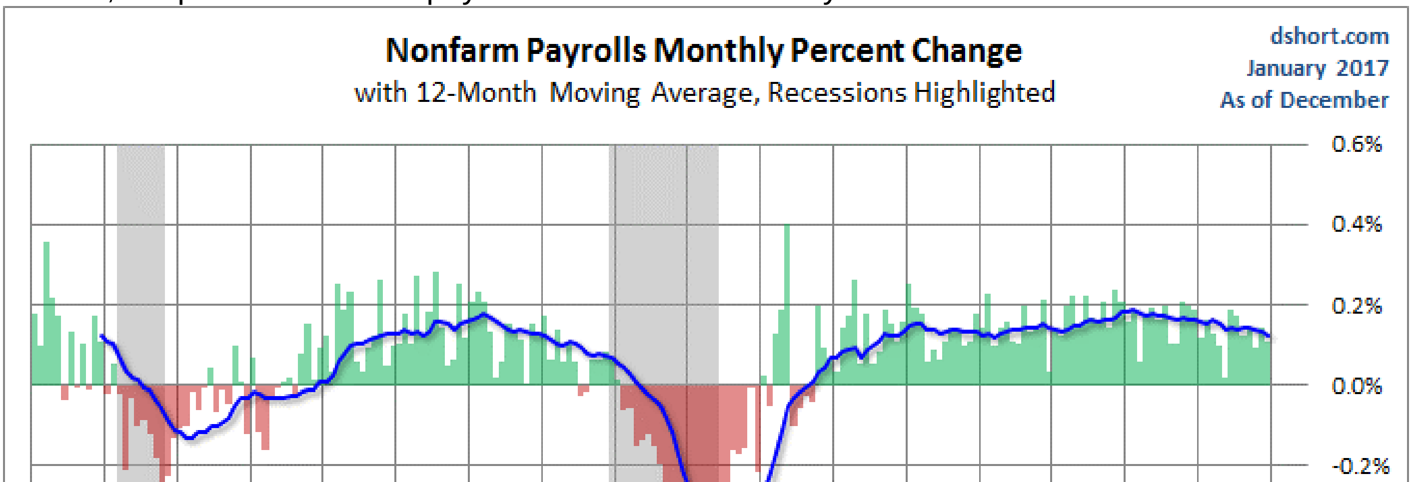
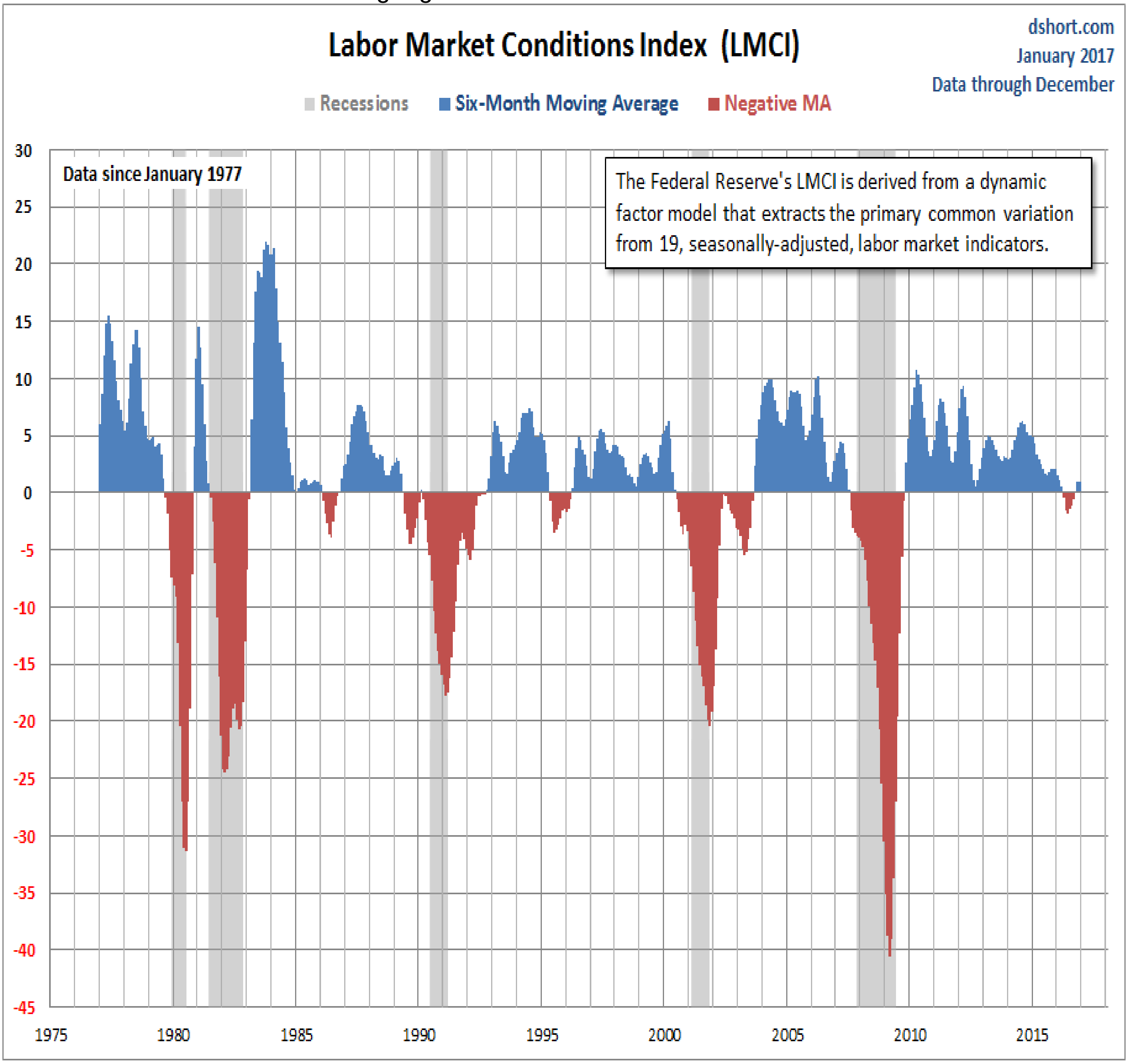
It?s not the greatest time in the world for labor markets despite the excellent news which appears in the media. To argue that jobs haven?t returned since the Great Recession is irresponsible. No matter how you slice it, regardless of how long it?s taken post-financial crisis, there has been job market recovery. However, there are several points worth pondering including a sentiment that I believe now dominates senior management initiatives for corporations here and abroad. First, keep in mind, the peak in non-farm payrolls was reached in early 2015.



Also, momentum in labor markets is waning per one of the Federal Reserve?s own metrics. The Labor Market Conditions Index is a statistical blend of the variation derived from 19 labor market indicators. Think of it as a health gauge for the overall labor market.



And let?s not forget that pesky lack of wage growth issue.

Delayed Pay

Unemployment rates have fallen sharply since the Great Recession, but wage growth hasn’t seen a sustained increase.

Unemployment rate

Not sure why anemic wage growth is such a conundrum for economists. You can hire as many bodies as you want, however as long as you believe in the rule I?m about to share and convince your staff to believe in it, there?s no need to increase wages at nothing but slower than a snail?s pace. The financial crisis and subsequent weak anemic recovery dealt corporate leaders a valuable and painful lesson. An unspoken rule was forged. It remains so entrenched, it can?t easily be broken, regardless of the business cycle. Whether it?s expansion or contraction ? There?s always a recession somewhere. Unfortunately, this defensive mindset will continue to affect you and everybody you know who has a job! Senior management lives and breathes this mantra every day (don?t be na•ve and believe they don?t):***?Think, operate and respond to labor as if the Great Recession never ended.?*** Think about it. It?s happened to you or somebody you know. ***Consider the temporary pay cut you took in 2009 ?for the team,? that somewhere along the line became permanent.*** Ponder how many times you?ve caught the management choir bellowing stale notes from the same old song book. It?s tough to shake the overdone lyrics that are designed ironically to keep you motivated. Words that keep management guru and educator Peter Drucker spinning in his grave: ***?Be lucky you have a job.?*** Is that the best your HR department can do? Oh, and your human resources partners are not your allies, they exist to spin and regurgitate dire news that, like a stench, rises from the CEO?s office. More on this in a future blog post. Don?t be fooled: An entrenched message of austerity, especially when it comes to human capital, keeps senior management constantly evaluating and finding ways to justify cutting the overhead cost of warm bodies in cubicles. Not only that, management has been effective in convincing employees there?s nothing better out there, either. The mission is to wear down worker self-esteem slowly and relentlessly; much like a raging ocean weathers down a rock over time. The world is a brutal place, don?t you know? After all, there?s that mortgage payment and the kids? college to fund. And the boss laments: ***?Please understand the grass isn?t greener anywhere else. Be a team player.?*** So, it?s not surprising that retirement may be a life change that?s not adequately planned for. On occasion, it just happens. A new CEO has something to prove or cut the bottom line because top-line or revenue growth has not responded fast enough to appease shareholders. Unfortunately, in the heart of a city like Houston, highly dependent on energy employment, this sudden retirement story is all too common. As I?ve encountered numerous lives impacted by a sudden retirement or layoff, I created a list of ideas, a strategy to follow. I thought it beneficial to share it with you. **First, do nothing.** Let?s call the event what it is. A termination is a death. A personal loss. It?s a blow to self-esteem. After all, you?ve been cut away like a cancer to improve the health of the organization. You will not think clearly for at least a week, perhaps longer. In the beginning, fear will invade every thought. They?ll be several unclear, potentially financially damaging actions you?ll seek to undertake immediately because you?ll feel the need ?to do something.? I suggest a time out. I?ve witnessed extreme actions, most unnecessary. Like a father of 3 who after inflicted by ?sudden retirement? syndrome, immediately head to Costco to purchase a six-month supply of toilet paper, even before talking to his spouse about what occurred at the office. Or a mother who canceled her home alarm monitoring system an hour after she was let go from her job to reduce monthly expenses. In a frazzled state, she didn?t comprehend that she was breaking a 3-year contract. Ostensibly she was hit with a bill for over $1,000. Once reality set in, she was able to re-establish her service, step back, clearly examine her expenses and made a money smart decision to cancel a monthly gym membership she rarely used. The lesson - If you must undertake some form of fear-reflex action, head to a mid-day movie, go hit a few golf balls, get to the park for a brisk walk, instead. Any activity that distracts or veers you from the mental path you?re on is worth it. Refrain from financial decisions no matter how minor they appear to be at the moment. It could take a few days, perhaps a week, to accept what?s occurred. Once your thinking is less overwhelmed by fear, you?ll be better equipped to formulate a survival strategy. **Second, go deep.** Leave nothing in the household balance sheet unturned and go slow. Burn hours, become intimately acquainted with all things financial which apply directly to daily living. Print every liability document (mortgage, auto loan, credit card, personal loans,) along with two months of bank checking account statements. Grab a highlighter, pen, and notepad. Examine each expense considered discretionary. The fun stuff. Think regular dining out, movie nights, monthly, recurring subscriptions or memberships, cable or satellite television expenses. Place the outside activities on hold going forward and contact vendors to see if you can freeze memberships or subscriptions. Kill the premium channels or reduce to a cost effective television package if possible. Next is to tackle services you need completed on regular basis. Pool and lawn maintenance for example. Reduce the number of monthly scheduled visits by half. Make an effort to cut your mandatory cash outflow by 5-10%. Can you take on a less expensive wireless package or shop smarter for groceries by exploring deals on websites like www.coupons.com? Identify every source of passive income and spousal income available to the household. Calculate how long current emergency savings reserves will fill in income gaps considering the fiscal improvements you?ve calculated and the cuts to expenses you?re planning to undertake. Consult your tax advisor or financial partner to help decide whether a spouse may reduce federal tax withheld from a paycheck per the reduction in joint income. **Third, study your exit package**. **Then study it again.** A fortunate few will receive a severance package along with pay for untaken vacation days. If that?s the case, it?s best to leave your emergency reserves intact as long as possible and stretch after-tax severance dollars. Healthcare coverage becomes a crucial issue, especially when the laid-off spouse is the sole source of coverage for the family. COBRA coverage provides employees the ability to keep their former employers? group health insurance for up to 18 months from a termination date. Premiums are not cheap. They encompass the full cost of group health coverage. In other words, COBRA recipients pay the employee AND employer-subsidized portion of their premiums. Surprisingly, COBRA may be a cost effective option when compared to similar coverage in the healthcare marketplace. However, it?s worth the effort to compare COBRA cost and benefits to a policy available for your state of residence on www.healthcare.gov. Regardless of plan choice, healthcare expenses are going to be one of the greatest financial pitfalls that you?ll experience in a ?sudden retirement? situation pre-Medicare age (65 years old). **Next, don?t be too quick to roll money out of your qualified retirement plan into an IRA if you?re between the ages 55 and 59 and a half.** The IRS allows a separation from service exception to premature distribution penalties from qualified retirement plans. A qualified plan participant as an employee who separates from service during or after age 55, will not be subject to the 10% early distribution tax on withdrawals from company retirement plans. Income tax on distributions still apply. If plan proceeds are rolled over to an IRA, the exception to the 10% penalty is forfeited if age 59 • has not been reached. So, before a broker convinces you that an IRA rollover is the only and best solution, you must have a thorough understanding of how the cash flow deficit is going to be met. It may require a period of taxable distributions from a company retirement plan. **Last but not least is a game plan**. Only after you?ve cleared your head, made it to a mental place of acceptance, and have worked through an exhaustive financial self-discovery period, is it appropriate to seek out a tenured, hourly-fee based Certified Financial Planner to help you pull all your investigative efforts into a workable, monitored game plan. What you seek is validation of your cost cutting methods (and perhaps additional ideas), a second opinion on how the gap in household income will be met, and probability analysis of the longevity of your liquid assets through this life change. A follow-up meeting schedule should be established to monitor deviations from the original plan. In addition, you may require a retirement savings catch-up plan depending on how long your ?sudden retirement? period lasts. As long as corporations have profit margins to maintain, shareholders to appease and are receptive technological breakthroughs that lower costs and head count, ?sudden retirement? conditions are not going away anytime soon. The perspective that labor is more liability than asset will be one of the long-tenured after effects of the Great Recession and employees will continue to pay dearly for it.