

# FURLOUGH VS. LAYOFF

## *What Should You Know About Your Benefits?*

It's been a rough couple of months for millions of Americans and while some companies have been able to shift to work from home policies, others have had to furlough or lay off employees during this pandemic. In order to fully understand your benefits, let's take a minute to learn the differences between a furlough and a layoff.

### WHAT HAPPENS WHEN YOU'RE LAID OFF?



Both involve not working, but a furlough is meant to be temporary while being laid off is permanent. In some instances of a layoff, your employer may offer you a severance package—though there is no requirement for them to do so. Severance packages can help financially ease you into a layoff.

They can include a lump sum cash payout or COBRA payments that help you remain on your employer's health insurance plan until you find another job or obtain your own health insurance. Being laid off means you are no longer an employee and must look for other employment options or file for unemployment.



### WHAT HAPPENS WHEN YOU'RE FURLOUGHED?

When you're furloughed your employer is picking an alternative to a layoff. Furloughs can come in many different forms. You are still employed, but being paid less or not at all. Furloughs and layoffs can happen in any industry to any position. You still have your health benefits in place, but you don't receive a paycheck and you can't contribute to benefits like a retirement plan or an HSA savings account.

### WHAT ARE YOUR RIGHTS WHEN YOU'RE LAID OFF OR FURLOUGHED?



Unemployment benefits are available to people who are both furloughed or laid off. The CARES Act has ensured increased unemployment benefits to many Americans. Furloughed employees are allowed to work for other employers.

If you do find yourself furloughed or laid off, it's important to remember it doesn't have to do with your work performance. People are laid off or furloughed because the company is having problems. Every situation is unique so we'd encourage you to reach out to our advisors to talk about your personal situation if needed.

