

Risk Management



UNEMPLOYMENT INSURANCE

Unemployment Insurance



Government Controlled Unemployment Insurance The Act

The Federal Unemployment Insurance Act, like Social Security and other social programs, was a product of the depression ridden 1930s. Originally benefits were extended only to certain groups of workers and those persons Congress felt had been unjustly laid off work through no fault of their own.

During the fairly recent economic recession of 1975 the safety-net was extended to provide benefits to farm workers, domestics and others who had been left out when the original Act was

implemented.

CALIFORNIA AS AN EXAMPLE

You can pick up a booklet, and should do so, at your local unemployment office, which will explain the benefits you are entitled to if you should lose your job. The states, while conforming to federal guide lines, have varying rules for eligibility and benefits. There are more than two hundred offices to help you in California.

To find the one nearest you look in the telephone book under California State of Employment Development Department.

You should file for benefits immediately upon losing your job even though there is a one week elimination period (waiting period before you become eligible to receive benefits).

In California you may normally receive benefits up to 26 weeks in a 52-week period and for an amount equal to roughly one-half your former weekly pay. A table in which you can find your specific benefits (as well as more detailed information) is found in the booklet provided by the State.

Congresses legislates changes from time to time and temporarily extends the length of benefits when the employment rate rises.

TRULY AN INSURANCE POLICY

Like any insurance policy, money (a premium) is paid to the insurer (government) periodically, so that it is available should employees find themselves without a job. Like some group health insurance policies, the premium is paid by the employer not the employee (beneficiary) who receives the benefits. The one big difference is that whereas health insurance is an optional fringe benefit provided as a supplement to wages, unemployment insurance is a mandatory payroll tax in order to fund the program. There are exceptions and modifications to this broad statement. If you consult the recommended list at the end of this section you will find suggestions on where to get more details. If you live in Alaska, Alabama or New Jersey there are unique rules in your state so be sure to check with your appropriate state agency.

THE BEST INSURANCE AGAINST UNEMPLOYMENT

The best insurance against unemployment is to have several skills and alternate sources of making an income.

CHOOSE YOUR EMPLOYER WITH CARE

It is foolish to be totally at the whim of an employer. Even a healthy business in a stable economic environment can go bankrupt. It is not uncommon to hear of a situation where a son or other family member takes over the business after the founders' death and through lack of care, skill or perhaps with a subconscious revenge, runs the enterprise right into the ground! That is the type of situation an employee cannot guard against just by making an initially wise choice of employers. Even the right industry, at the right time with the right employer can end up wrong with the passage of time. Ask the aerospace engineers in Seattle in the 1970s.

WE CAN'T FORESEE THE FUTURE



The whole science (art) of risk management is premised on the unforeseeability of the future. Precisely because we don't know that tomorrow will bring we must be prepared for the worst. If we could fast forward our lives and see that our house would not be broken in to or suffer a fire or that the entire family would escape ever being involved in an automobile accident, we could immediately cancel our auto and fire insurance coverage and pocket the savings in premiums.

OFTEN OVERLOOKED RESOURCES

It is amazing how many resources the average American has to fall back on if he should lose his job, and he may not even know it!!

IF YOU WERE TAUGHT YOU CAN TEACH

Did you ever take lessons when you were a kid? Lessons in what, you might ask. Anything you can imagine! Musical instruments, voice dance, exercise classes, gymnastics, sailing, flying, swimming, high diving, scuba diving, wind surfing, drama, ceramics, art, leather work, woodcarving, ice or roller skating, skiing, archery, sharp shooting, cooking, sewing, writing, martial arts, boxing, etc., etc.

Chances are, if your were taught you can teach. Try and remember how it was done. If you're not sure how to start someone out, take a few lessons now, or sit in on the lessons of your own child, friend or neighbor. Make sure you get permission from the pupil and teacher first.

PUT YOUR SKILLS AND TALENTS TO WORK FOR \$\$



Of course not all people make good teachers but talent and skills can be used to bring you income in other ways. Perhaps your music lessons *took* and you have kept your proficiency high enough to get a job as a musician in your area. Try moonlighting at first on certain nights or on

weekends. Maybe you can organize your own group. If you tend toward the more classical approach you might get a job playing the organ at a local church or giving recitals several times a year.

If you have a boat or plane you might take tourists out on weekends for a pleasure excursion. (Make certain you charge enough to at least cover the insurance which may well be too high for a part time business to handle.)

Of course the products of many of the skills you have acquired could be retailed. We all know about the successful pottery or woodcarving business that started as a basement hobby.

I haven't even mentioned the skills that are not formally taught but that you may have picked up over the years in an attempt to save yourself money and because you found you were good at it and loved doing it. I'm referring to plumbing, carpentry, painting, auto mechanics, gardening, etc.; the skills the rest of us depend on and for which we are willing to pay.

YOUR FAMILY AS AN EMERGENCY ASSET

By now you should be looking at yourself and your family in a different light. You might be seeing dollar signs on Judy's cinnamon rolls that have won first prize at the fair the last seven



years.

Molly has been taking piano lessons since she was five. She could probably teach the neighborhood children she now baby-sits for and for a lot more money.



Son Jeff can fix anything; toasters, TVs, vacuums. He could advertise his skills and get paid.



You may understandably not want to exploit (what a loaded word) any of these talents. I hope you are comfortable at the moment and enjoy being the guy whose son can fix anything for your *all thumbs* associates at the office. I understand that it gives you a feeling of pride when everyone asks for Judy's baked goods when a party is being planned and would just love it if you could only coax Molly to play a few pieces.

Fine! That's the way I hope your life will remain. Just remember these skills are insurance.

NO SKILLS OR HOBBIES?

Is it possible you've read this far and don't see yourself or family members in any of the illustrations? Highly unlikely; but possible. It could be you, the reader, are unattached with no present family and have buried yourself in your one and only job. Even if you've never had a lesson in your life, have had no time for hobbies, know nothing about cars and live in an apartment where all the maintenance is taken care of by picking up the phone, there's still time to acquire this kind of unemployment insurance in a myriad of ways.

WAYS TO ACQUIRE THE SKILLS NECESSARY TO INSURE AGAINST UNEMPLOYMENT



THE INSURANCE THAT PAYS YOU TO GET IT

The government, through the National and Coast Guard and other branches of the military, have reservist programs. As a reservist, you can learn, at the government's expense, just about any skill imaginable by applying for the desired training. Once more, you do not pay to get this sometimes highly technical and potentially lucrative knowledge, rather you are paid to learn! This training need not interfere with your present employment. The time required as a reservist is usually a weekend per month and a few weeks at a time for the extensive training sessions. This time can be arranged with your employer. Chances are your employer will be proud to have a reservist in his employ. Such an affiliation is more likely to help rather than hinder you in your present career. At any rate, by law your employer must give you the needed time off and cannot discriminate against you because of your reserve status.

COMMUNITY COURSES

Be on the lookout for free courses offered in your community by the YMCA, Red Cross, City or State College and other public oriented and sponsored organizations.

KNOWLEDGE FOR A FEE

Many trade schools offer night classes. You can earn credentials which qualify you to work in any field. You could qualify as an assistant in the medical or legal field or learn to program and work with computers. It never hurts to have a real estate or bartender's license in your back pocket. It's possible to qualify as a contractor or accountant by hitting the books hard. If you're willing to

put in even more study after your regular work day, there are night law schools and university extension courses in most communities which allow one to obtain academic degrees. A fee is usually charged as tuition. A license or other evidence of your competency is only presented after the successful passage of one or more, sometimes rigorous examinations.

This type of insurance is not for everyone. However, you should know it is available to you. It's crazy to cry about lack of opportunity or equality in this country when it is all around you. There is nobody who could not give up their regular TV time for study and could not raise tuition and book money by working at one of the fast-food restaurants in town that are always sporting a *Help Wanted* sign. Minimum wage jobs could be temporary if you use them to advance your position.

CORRESPONDENCE - KNOWLEDGE VIA INTERNET OR MAIL



I was approached by a member of the audience once after a speech in which I had alluded to correspondence courses. "I have seen advertisements in magazines for years," he said, "but until today I thought those mail order degrees were a hoax." Perhaps some are; but what amazed me is the apparent desire he suddenly had to pursue such a course since I had endorsed them and pointed out their merits. He had not written for any information from the advertisers in an attempt to prove they were charlatans he just thought they were! Likewise, he seemed content to accept my word that some were okay without expressing an intention to do any checking on his own. It is possible he might hit upon an unethical outfit and not get value for his time and money. The point I am making, and will make again and again throughout this book, is that you cannot go blindly through life with any degree of efficiency and success depending on your own vague unsupported feelings or the unverified word of others. Chart your own course; don't leave it to others!

SUMMARY

Obtain information from your State Unemployment Office *before* you need it. If you are familiar with the procedures for eligibility and amount of benefits available in your state you can plan your other insurance around these benefits.

The best unemployment insurance is self reliance. Don't let the security and happiness of yourself and family depend wholly on your present employer. Have alternate plans made for supporting your present life-style. Keep those skills and talents honed to a fine degree and acquire others if necessary.

When Aristotle was asked the advantages of learning he replied, "It is an ornament to a man in

prosperity, and a refuge to him in adversity." I rest my case!

Worksheet

UNEMPLOYMENT INSURANCE TO HELP YOU ANALYZE YOUR ASSETS

Make a separate list for each member of the family.

Check below the skills that you have acquired on your own or that someone has taught you even though you are not skilled in the activity yourself

- A musical instrument (list them all)
- Voice
- Dance
- Gymnastics
- Sailing
- Flying
- Swimming
- High diving
- Scuba diving
- Surfing
- Drama
- Ceramics
- Art
- Leather work
- Pottery
- Woodcarving
- Ice skating
- Roller Skating
- Skiing
- Archery
- Martial arts
- Boxing
- Cooking
- Sewing
- Writing
- Other

List any marketable skills or hobbies not mentioned above.

Such as plumbing, auto mechanics, gardening, carpentry, painting, typing, computer and all office skills

Make a list of all your licenses, credentials and academic degrees

List all the jobs you have held from age 14 on.

Recommended Reading

Amazing number of How To books on [Amazon](#)

The Unemployment Benefits Handbook, by Peter Jan Honigsberg
Your Legal Guide to Unemployment Insurance, by Peter Jan Honisberg
America in Transition; Implications for Employee Benefits, by EBRI (Employment Benefit Research Institute)
Earning Money Without a Job, by J.C. Levinson
Earning Money at Home, by Peter Davidson
How to Make Money at Home, by Shebar & Schoder
100 Ways to Make Money in Your Spare Time Starting with Less Than \$100
by John Stockwell & Herber Holtje
184 Business Anyone Can Start & Make a Lot of Money, by Chase Revel
Sparetime Businesses You Can Run for Less than \$1,500, by Scott Witt
How to Make Big Money in Your Spare Time, by Scott Witt
Sell Your Photographs, by Natalie Canavor
Career Opportunities in Crafts, by Elyse Sommer
How to Earn \$15 to \$50 an Hour with a Pickup Truck or Van
by Don Lilly
Entrepreneur Magazine
How to Publish Your Own Book, by L.W. Mueller
How to Start Your Own Small Business, published by Drake
The Craftsman's Survival Manual, by George & Nancy Wettlaufer
How to Start Your Own Craft Business, by Genfan & Taetzsch
Earn Money at Home, by Peter Davidson
Moonlighters Guide to a Spare time Fortune, by Richard Michael
Turn Your Kitchen into a Gold Mine, by Alice & Alfred Howard
Working Free, by John Applegath