

Tragedy

On 9/11/2001, two planes hit the twin towers of the World Trade Center. Within hours, these icons of the Manhattan skyline had collapsed. We were hit at home by terrorists and the world changed. The economy faltered for a moment; investing in new projects or buying new cars just didn't seem like the right way to mourn. But Greenspan and the Fed had other plans and in no time we had near 0 interest rates and money being lent to anybody who could fill out a credit application. The economy picked back up, jobs were created, and we went after the bandits who did this to us.

Unfortunately, the bill has come due. Yesterday, Lehman Brothers filed for bankruptcy and Merrill Lynch was taken over. Seven years later, two other iconic twin towers of Manhattan fall. In Washington DC, the twin towers of the mortgage world Freddie Mac and Fannie Mae crumbled into government takeover. With AIG, Washington Mutual, and many others hanging on the brink, the bleeding probably isn't over.

As financial tragedy or stylized history, it's pretty dramatic. However, for tens of thousands of families in the New York City area, it's a personal, family tragedy. Wall Street is in a tailspin – at Lehman alone, 10,000 jobs will be eliminated by the bankruptcy. The Bank of America takeover of Merrill Lynch may cost 20,000 jobs. Suburban New York is getting a little like Coaltown, USA when they close down the mine.

So what is to be done and how do you get on with your life?

“This too shall pass” (Hebrew: רובעי הז מג)

King Solomon, our paradigm of wisdom, suffered from depression. The story goes that he assembled his advisors and asked them for a treatment. The wise men advised Solomon to have a ring made and inscribed with the words “This too shall pass”. When Solomon felt depressed, he would contemplate the words on the ring and his depression would lift.

Gold rings are not part of modern psychological treatment (but nobody we know would tell you not to make such a ring if that seems like it might help you). However, this 3000 year-old wisdom still works. Financial losses, joblessness, turmoil - all will be gone in time.

In particular, even the current credit crisis will resolve itself. Most of the functions of those failed banks were productive and necessary and will need to be recreated. People will still need to borrow money to buy houses and we will need to improve the process yet again so that we postpone the next round of bank failures. Jobs and financial security will return and it won't take as long as it now seems.

Job Loss

If you have lost your job or think that you might soon lose your job, you are at a watershed moment in your life. You can be consumed by job loss or you can use the time for careful reflection and then make a new plan. Job loss in a crisis like this is not in any way a personal failure.

Step One: Leave the Last Job

Losing your job away can seem like someone stripping away your last name. Your job can easily become part of your identity (particularly if you were employed by a work-hungry investment bank). When people describe themselves, they usually give their name, their job, and only then important details like “husband” or “father”.

Normally, the process of moving from one job to the next takes some time and involves all kinds of rituals of taking on the identity of a new job. Massive lay-offs and bankruptcy filings interfere with that process but you still need to grieve, say “good-bye” and transition to something new.

When Bear Stearns was taken out, eBay was loaded with ex-Bear employees selling their Bear T-shirts, mugs, and other Bear paraphernalia. Why does a guy leaving a job with a \$250,000/year salary+bonus need to sell a mug for \$12 on eBay? Because by selling the mug, he gets to put it in a box, wrap it up, take it to the post office, and say good-bye.

You need to find your own ways of saying good-bye. Only by leaving the last identity can you move on to something new.

Step Two: Take Time to Reflect

A knee jerk response of polishing your resume and sending it to everyone you can think of is probably not very productive. First, if you got laid off from a finance job, it’s probably not going to get you a new job anytime soon. Almost everyone in finance is worried about their own jobs and nobody is hiring. Second, you need to think about the direction you want to take rather than decide that any direction is better than standing still.

This is an excellent time to re-evaluate your life’s plan, away from a job that you took from reasons you barely remember.

Step Three: Take Inventory

When you lose your job, you may need to change your life. The conventional advice is that you write down a budget, get together all your financial documents, and assess your situation, perhaps with the help of a financial planner. This is good advice but not broad enough.

Your most important assets aren’t listed on your brokerage statement. They are your health, your family, your education and skills, perhaps your faith and whatever else it is that makes your

life fulfilling. No matter what your budget says, this might be an excellent opportunity to take your kids to a ballgame (Yankees tickets are pretty easy to get right now ;-)) or see the dentist or drop 10 lbs by getting back in the gym.

Step Four: Make a New Plan

The world is full of opportunities. Losing your job gives you an opportunity to rework your life. Your life has probably changed since you started your prior job. You are older. If you have children, they are older. Your financial situation has changed. It may be that there were things about your previous job that you hated that are hard to remember amidst the turmoil of a lay-off. Perhaps it's time to try a new career or to launch your own business. Perhaps it's time to include other life goals in your career plans.

The world looks pretty bleak right now, but there are plenty of joyful days ahead. This too shall pass.