

Happiness/Uncertainty vs. Misery/Security? : By Jill Gleba

“It’s important to me that money not be important to me”. ---Les Brown

A common conversation I have with many of my clients between the ages of 45 and 60 is “I work long hours, and am under constant stress day in and day out. The company is laying off people and not replacing them so now I am stuck doing three jobs instead of one. I would love to quit tomorrow, however I have a mortgage and bills and that is not an option”.

A client has lost their job, and they need a new career. This new career will not pay the same as their old one because well, it is new and you cannot expect to earn the same money as when you had 10-20 years experience in another career.

Still others have been doing all of the right things (living below their means, saving, investing), working in the job of their dreams, but still their job is not what they expected and the tradeoffs are too many.

So, rather than retire, many of my clients want to downshift into more satisfying and typically less lucrative jobs, or keep their current job, but work less hours and earn less money. When it comes to planning a career change, timing can be everything. The fantasy of walking into the boss’s office tomorrow and calling it quits could cost your client a fortune in lost employee benefits.

Many of my clients have saved enough money to “retire” early, and then live off of their investments while working part time at the job they always wanted. This new job typically bridges the gap between what they need and what their assets will create. This is NOT a typical person! Currently I have a client that knows his shop will close in the near future. We set aside enough money along with his wife’s additional income to pay for two years worth of monthly bills. If he is laid off soon, it will be tight, however, so far it has been six months and he has completed school toward becoming a nurse. He is shifting completely to a new career and most likely will succeed. His income will be less at first, but in the long run, he feels this is his best choice for his life. For the rest of you, if you know that you will not be in the same career for your lifetime, here are some tips:

Someday:

- Pay off all debt except for your mortgage.
- Live beneath your means.
- Direct some savings into a taxable escape fund. Some 401k’s offer an after tax option.
- Maximize your 401k or 403b. This will provide your income stream some day!
- Research or work with a career counselor.
- Work in your future field before you decide.

5 years out:

- Know your monthly expenses and have 2-4 years set aside for an adjustment period.

- Monitor and plan your finances carefully with a professional.
- Pay off large purchase items before you make this transition.
- Research your health insurance options.

2 years out or less:

- Revisit cash flow.
- Pinpoint target transition date; look at vesting schedules for your work savings plan, expected bonuses, possible buy outs, debt, and family milestones.
- Beef up your escape fund as big as possible.
- Get approved for an equity line of credit now.
- Be sure your home and car are in tip top shape when you make your move.
- Talk to your employer, they may have an option for you to work part time.

With all of this said, I have talked many of my clients OUT of leaving or retiring early, and simply be grateful for what they have. In retrospect, all of them were glad that they did not make their move. You really need to be 200% sure you want to make a transition because it is NEVER as easy as you hope. Sometimes the grass is not always greener...

Jill Gleba is a full-service wealth manager and owner of Gleba & Associates with 20+ years of financial guidance and coaching experience. She also owns Anne William, LLC, a real estate holding company.

248-879-4510

www.glebaandassociates.com

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