# How to Prepare for Taking a Career Break; The 'Great Resignation' is on. Here's what to do about your finances before embarking on the slowdown you've been craving.

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## FULL TEXT

Nearly two years into working from home, some young professionals have reached a crucial decision point . Rather than scale the career ladder in search of higher salaries, financial advisers say these workers want work-life balance, giving priority to family time and personal life.

Meg Bartelt, a certified financial planner and founder of Flow Financial Planning in the Seattle area, said some of her clients, tech workers who typically work long hours, were experiencing this fatigue even before the pandemic. Once some employees reached burnout, they knew they needed to cut their hours or take a break. The pandemic just made it worse.

"Quarantine was the nail in the coffin," she said.

Employers are seeing a wave of sabbaticals, leaves of absence and job departures this year in what's been dubbed " The Great Resignation ." In July, 2.7% of U.S. workers left their jobs, according to the Bureau of Labor Statistics , near the highest level on record. Another 41% are considering leaving within the next year, according to the 2021 Microsoft Work Trend Index .

While many who quit are jumping right into a job that was just as demanding as before, others aren't. If you can afford to slow down or take a break from the workforce, here's how to prepare.

Maximize your benefits

Malik Lee, a managing principal and adviser at Felton &Peel Wealth Management Inc., recommends poring over your current job's benefits packet before walking away. Take advantage—scheduling medical appointments and dentist visits, maxing out your fitness reimbursement or mental health benefits—in the weeks before you quit.

"Dive into the ancillary insurances people will sometimes overlook—disability, life insurance," he said.

Some benefits are portable, meaning you can take them with you after you leave one employer for another, and others end with your termination. Researching these limitations on the front-end can help you prepare for this uncertain period, Mr. Lee said.

Start a new account

Ms. Bartelt's clients started saving for career breaks with a conservative investment fund they label "The Opportunity Fund," basically a pot of money to finance their next move.

An opportunity fund should always have a goal, Ms. Bartelt said. Earmarking this money for a new business venture, a career pivot or "time to simply stare at the wall with a latté" can help imbue the saving period with a sense of purpose, and not panic, she said.

"Setting aside this account and labeling it as 'to be used in the next five or 10 years, not for retirement'—it gives people permission to use sometimes big amounts of money," Ms. Bartelt said. "I've had clients tell me that knowing that money was for this purpose gave them so much comfort."

Decide how much—and how long—to save

The time frame and amount you save will determine how to reset your budget and your money goals, said Priya

Malani, founder and chief executive officer of Stash Wealth, a virtual planner and financial adviser.
"There's no magic trick," said Ms. Malani. "If you cut hours, you'll earn less. But there's no reason why we can't reset."
Megan McCoy, director of the financial planning master's program at Kansas State University, recommends working backward. Determine how much you'll need to save to feel comfortable stepping away from your full-time job. Calculate your take-home pay after taxes and scrutinize your previous months' expenses.
Simply hacking your usual budget in half, or even imposing a certain percentage reduction in spending, won't be effective, Ms. Bartelt said. Cut work-related expenses, such as commuting, but make sure to leave in some activities you enjoy, such as grabbing dinner with friends.
"If you think you'll be out of work for 10 months, plan for 13 months," Ms. Malani said, in case you struggle to re-enter the job market or an emergency comes up.
Once you land on a time period that could work for you and your savings plan, Prof. McCoy tells people to label a day as their "Freedom Date."
"Every time you think about your purchases you're making, think about how many hours of work you have to do to make that purchase. 'Do I want to work three more hours for this purse, or do I want to get one step closer to my freedom date?'" she said.
Don't neglect your other saving goals
Should you lose access to a 401(k) or other retirement plan when you step away from your job, Ms. Malani recommends you consider rolling over your existing funds into an individual retirement account. Earmark some money for the IRA contribution every month as you set your new spending and saving plan.
Some people taking career breaks may choose to pause saving for retirement. Ms. Bartelt reassures her clients that they can make up the difference later , and their existing retirement savings will still be able to grow during this period.
"When you're 35, you've got three decades ahead of you to earn money," she said. "You're talking about taking two years out, even less than a year—that's a small chunk of three or four decades for yourself to not earn money."
Work more, then less
Making a plan that enables you to temporarily increase earnings may be easier in the coming months, said Wendy Edelberg, director of The Hamilton Project, an economic policy initiative within the Brookings Institution.
"This is a really, really good time to take advantage of all of the labor market opportunities that are out there," she said. Seizing the power of this moment in the short term—taking on more clients, more hours, even a second job—could help set you up to eventually scale back work in the long-term, Ms. Bartelt said. Additionally, negotiating shares as part of a compensation package can sometimes lead to windfalls down the road .
"I'm working with a bunch of clients who just recently went through initial public offerings, and maybe the dollar value of the equity compensation coming to them is amazing," Ms. Bartelt said.
Ms. Bartelt has seen these windfalls quintuple her clients' income in some years. In these cases, she recommends those who can stand to do so wait the necessary amount of time for grants to vest before stepping away.
Taking on extra work while you're already struggling with burnout necessitates some hard boundaries. Don't let the allure of a future payout drive you deeper into despair , said Ms. Bartelt.
"If it's just a vague discontent, you can buy yourself a universe of possibilities by sticking around a little longer, and that's a totally reasonable decision to make," Ms. Bartelt said. "But if you're on the verge of imploding, as long as you're not going to endanger yourself financially, don't stick around for the golden handcuffs."
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