

# THE GOOD LIFE

Want to get out of the rat race or downsize? Susanna Stuart offers advice on how to prepare for a major lifestyle change

The wonderful singer Eva Cassidy is forever on my CD player. When I hear the late singer's rendition of the 1960s spiritual *People Get Ready* and she calls, "I'm ready" in the fade-out, I get goose bumps.

I mention this because lately I've been talking to quite a few people who have either faced or chosen to make dramatic life changes. Their situations beg the question: are you ready?

What causes these life changes? Some are voluntary, others circumstantial, but all involve financial readjustment. You probably know of people who have made a dramatic life change in the past year or two: the friend who has given up a high-flying career, or the family who have made the decision to move to small-town New Zealand so they can spend quality time with their kids.

I think it's a healthy sign that willingly accepting an income drop is becoming regarded as a smart move in our society.

Three of the four major reasons for a life change involve a drop in income. They are:

## 1 seeking less income for a better lifestyle

Many people are making the decision to change their lifestyle because they want to experience a better quality of life – enjoying less pressure and having a better balance; having more time to spend with their family or pursuing their non-work interests,



or retiring. The pursuit of a high income, they realise, has its costs.

## 2 pursuing a job aligned with your values

With so many baby boomers out there vying for the top jobs, there is a real squeeze going on – and not everyone ends up with the career of their dreams. One option is to become self-

employed or work in a less corporate environment. These choices often result in an increase in sanity but also a drop in income.

## 3 adverse circumstances

These include illness, redundancy and losing a partner's income through divorce. In these cases, reducing your expenses is critical, especially in the short-term. If you haven't planned for these scenarios, start working on your Plan B. If you haven't got the resources, you should consider taking out insurance to cover such things as loss of earnings due to ill health or death.

## 4 seeking more income

Many people want to increase their income so they will have a greater degree of independence and freedom. Examples include nurses who leave New Zealand for Saudi Arabia (to earn more money and pay less tax). Other people upskill so they can take on better paid positions.

A change or advance in your career can involve investment of time and, sometimes, real cost (for example, to study). Attaining your goals can result in additional expenses.

The key, as always, is to plan your next step – be it up, down or sideways. Don't just ponder your moves, start getting ready. ■



## rainy day strategies

- \* If there's a hint of change, consider the financial impact straight away.
- \* Adjust your mindset. You can't spend the way you did before.
- \* Work out a budget and stick to it; rearrange your assets.
- \* Reduce debts to reduce outgoings. Climb off the debt wagon.
- \* Consider radical moves but do your homework first. Don't make knee-jerk decisions.