Looking to make a career change? Start with a financial plan, say experts

By **Aleksandra Sagan** The Canadian Press
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Dusting off the old resume may seem like the logical first step for workers looking to jump to a new career, but a successful change requires something extra.

Before taking the plunge into a new field, experts suggest creating a solid financial plan to ensure minimal stress during what could be a trying time, even if most people are inspired by passion rather than a bigger paycheque.

“Often, it’s not precipitated by a desire to have a higher level of income,” said Karin Mizgala, co-founder and CEO of Money Coaches Canada, of the clients she’s worked with who want to enter a new profession.

In many cases, these career shakeups actually require short and sometimes long-term sacrifices, she said, such as reduced earnings or educational expenses.

“It’s often that they want a better quality of life or they want something more meaningful.”

The first step is to ensure the switch makes sense, said Dominic Levesque, president of Randstad Professionals Canada.

He recommends people follow what they love rather than running away from a job they don’t like to something else just because it’s different.

“You’re never going to be great at something you don’t love,” he said.

There’s a natural limit for every person though. In Levesque’s case, he may want to be an astronaut, for example, but he’d have to spend many years retraining.

“I clearly don’t have what it takes,” he said, stressing the new career has to make sense for the person’s abilities and time frame.

Once they’ve determined their passion, the next part involves a lot of research that Levesque suggests starting at least three months before making any moves.

The leg work includes learning what level of education and training the desired position requires, how much tuition costs, what employment rates are, what average salaries could be and other factors.

Statistics Canada, universities and multiple firms publish information in this vein, he said.

Randstad just released a list of the most in demand jobs in the country for this year and their salary ranges. These include sales associates, who can earn up to $50,600 annually, and welders, who make up to $28.50 an hour.

Once people have that information, they need to create a financial game plan.

“You need to actually look at what the current state of the union is with your finances,” said Mizgala.

“You want to undertake a transition with eyes wide open in terms of what the financial implications are going to be.”

Mizgala guides her clients through a net worth statement that clearly displays their assets, such as any property or investments, and liabilities, such as student debt, a line of credit or outstanding mortgage.

Then they work to understand the person’s cash flow by looking at their earnings and expenses. They’ll go through every expense line-by-line to determine if anything can be eliminated or reduced.

They can use that information to create a spending plan that still covers the person’s expenses based on a reduced income as they go through a career transition.

Sometimes, Mizgala said, that includes dipping into savings.

Canadians can access money in their registered retirement savings plans to help pay educational fees for themselves or a partner under the lifelong learning plan. They can take out up to $10,000 a year to a total of $20,000, according to the Canada Revenue Agency website, and it must be repaid eventually.

Withdrawals from savings should be done on a regular, systematic basis, said Mizgala.

“So that there isn’t just a free for all,” she said.

Someone knowing they have $100,000 in savings and deciding to just take it on an as-need basis is “a recipe for disaster,” she said.

“That savings amount can be depleted very quickly.”

Clients of hers who have succeeded at switching professions, she said, were all well prepared.

“They just did their homework and they stuck to the game plan.”