



APRIL

Starting a New Career

Introduction

Downsizing is one reason you may be seeking a new career. Reaching a professional plateau is another. The fact is, many people change careers, sometimes more than once. With proper planning, you can start a fulfilling new career without sacrificing your financial security.

Assessing your career path

Consider working with a professional career counselor

Working with a career counselor can ensure that you receive career-planning advice tailored to your individual needs and goals. Professional career counselors can help you explore your abilities and interests, clarify your life and career goals, help you decide whether you should find a new career, and teach you job-hunting skills. You should look for a career counselor who promises you more than a great job or fast results; although credentials and services offered vary, the counselor you choose should have extensive training, education, and experience. Professional counselors are often licensed by state counselor licensing boards.

They may also be certified by the National Board for Certified Counselors and belong to a national or state career counseling professional association. To become a National Certified Career Counselor, an individual must have a graduate degree in counseling from a regionally accredited institution, have at least three years of full-time career development work experience, and have completed a certification exam.

To find a qualified career counselor, ask friends and family for recommendations and check with colleges and universities in your neighborhood. You can also check your phone directory or contact your state employment service. The National Board for Certified Counselors, which can be reached at (800) 398-5389, can also provide you with a list of nationally certified career counselors in your state.

Tip: Professional career counselors should follow the ethical guidelines established by organizations such as the American Counseling Association or the National Career Development Association. They should not charge exorbitant fees or make exaggerated promises. Before signing a contract with a career counselor, make sure you understand what services you will receive for your money.

Assess your skills, talents, interests, and goals

Many resources are available to help you assess your skills, talents, interests, and goals. If you decide not to work with a professional career counselor, you can explore your career options with the help of a book or an Internet site devoted to career issues. Such resources include tests and exercises that you can complete that will help you evaluate what you like to do best and what you are good at doing. You can then use this information to determine what career is right for you.

Research potential careers

Before deciding to switch careers, do your homework. What sounds like an ideal career for you may not be. For instance, you may love the idea of teaching but hate the idea of taking a big pay cut to become a teacher. Or, the idea of making a lot of money as an investment banker might appeal to you, but you may object to working long hours. When researching a new career, answer the following questions:

- Will this career be personally gratifying?
- How much money can I expect to make initially? In 5 years? In 10 years?
- Will I be able to find a job where I currently live, or will I have to relocate?
- Will I need to go back to school?
- What is the occupational outlook for this profession?

To find this information, you may have to consult several sources. If you have not yet decided on a career, check the employment section of your local newspaper for ideas on jobs available. If possible, talk to others who work in the career field you are considering and find out how satisfied they are with their career choice. They will be able to give you advice regarding the profession and information regarding the pros and cons of pursuing a career in this field. You can also find books on careers in your public library or local bookstore and locate a lot of information about careers on-line, including information on how much money you can expect to make. To find out what the occupational outlook is for the career you're considering, consult the Occupational Outlook Handbook, which is the official handbook of the Bureau of Labor Statistics. It is available at your local library or can be viewed on-line at <http://stats.bls.gov/oco/>. Another Internet resource that can help you evaluate career fields is America's Career InfoNet (www.acinet.org).

Decide whether you should start a new career

Once you've researched career options available to you, decide whether you should start a new career. First, make sure that you have thoroughly explored ways to make your current career more satisfying. For instance, moving to a different department within your company, taking professional development courses, and/or getting a promotion may change the way you feel about your career. Second, after exploring your interests, you may also discover that changing your career is not the best way to make your life more meaningful. Instead, you may decide to change your life outside of work, volunteer, turn a hobby into a part-time business, or take classes to develop new skills.

On the other hand, you may decide that it's time to change careers. Perhaps you're just not happy anymore working in your current field, and there's no way to fix it. Or, you may be facing early retirement and you see this as an opportunity to move into a new career field. You've done your research, and you're excited about the chance to put your talents and abilities to work in a new career.

Plan for the financial impact of starting a new career

Planning ahead can minimize financial losses

The best way to plan for the financial impact of starting a new career is to plan early. Don't quit your present job until you've determined how you will survive financially during your career transition. In particular, you should undertake the following actions:

- Determine how changing your career will affect your income and expenses.
- Save up an emergency cash reserve.
- Reduce any consumer debt you have by paying off credit cards and loans.
- Determine whether you can afford to be out of work temporarily in the event that you can't find a job in your new career field right away or if you go back to school.

Figure out how you will pay for your education if you decide to return to school. You may be eligible for grants and financial aid. In addition, if your income is within certain limits, you may be eligible for a Lifetime Learning tax credit each tax year that is equal to 20 percent of your qualified education-related expenses up to \$10,000. You may also be able to deduct interest paid on qualified higher education loans.

Changing careers means re-evaluating your insurance coverage

Consider how starting a new career can affect your insurance coverage. For instance, you will likely lose your employer-sponsored health insurance coverage when you resign from your present job. Although you may be able to continue coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA) for 18 months, it can be expensive to do so. If you have a disability insurance policy, consider the impact that changing your career may have. Your ability to get disability coverage and the premium you pay depend, in part, on your occupation. So, if you switch careers, your disability insurance coverage may be affected.

Changing careers may affect your retirement nest egg

Changing careers may affect your retirement nest egg in several ways. First, if you leave your current job before you have completed a certain number of years of service with the company, you may not be vested in the company's pension plan. If you are not vested, you will own none of, or only a portion of, the employer's contributions to the plan. Second, if you leave the company and don't properly roll over your retirement funds into an IRA or another corporate plan in a timely manner, then you may have to pay a 10 percent nondeductible penalty tax and 20 percent in federal income tax withholding. The funds that are not rolled over will also be included in your income for tax purposes. Finally, you may ultimately lose pension benefits because many plans calculate defined benefits using the employee's highest earnings years. This means that your pension at age 65 from at least one employer will be based on a salary that you earned years ago when you probably were not in your peak earnings years.

Tip: Sometimes employers use nonqualified deferred compensation plans as golden handcuffs to make sure that key employees stay with the company for a specified period of time. If you are a highly compensated or key employee and participate in such a plan, you may lose certain benefits if you leave the company prematurely under the terms of the plan. Since your monetary loss may be significant, consider this before changing careers.

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