

How to Remain Financially Independent While You Take a Career Break



As jobs become more stressful, many people are taking a career break to recharge their batteries. Some also take a break to pursue an activity that they are passionate about. But as you step back from work, you must be careful to secure your finances and fulfil your responsibilities to your family. There's no point taking a break to decompress, only to create new financial stress for yourself.

Here are some tips to secure your finances as you embark on a career break:

01

STRENGTHEN YOUR EMERGENCY FUND:

As you embark on a career break, make sure to stock up on your emergency fund. This corpus should suffice for the entire period that you intend to be on a break. It will help tide you over

unforeseen expenses or medical emergencies not covered by your health insurance plan.

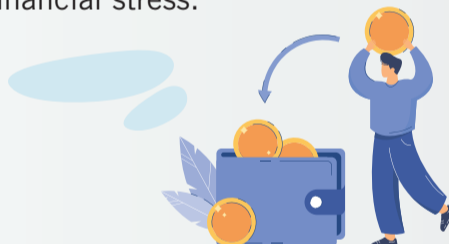


02

CREATE A CORPUS FOR YOUR HOUSEHOLD EXPENSES:

Ahead of your career break, start investing towards a corpus that will cater to your regular expenses. This should cover things like your children's tuition fees, groceries, medical expenses, EMIs etc. You should aim to run your household on the returns from the corpus, instead of dipping into the corpus itself.

It's always good to plan for a few months more than your intended break period. This way, if things do not go as planned and you are unable to return to work within the intended period, you won't immediately be under any financial stress.



03

EFFECTIVE DEBT MANAGEMENT:

It is advisable that you pre-close all loan liabilities before you embark on a career break. If this is not feasible, consider lowering your EMI to the minimum extent so that it does not cause any undue pressure.

Effective debt management is the key to a stress-free life when there is no income flow.



04

HEDGE YOUR LIFE AND HEALTH RISKS:

Comprehensive life and health insurance is essential for your financial wellbeing. It becomes all the more necessary where there is a disruption to your monthly income. Life insurance will ensure that your family's financial journey stays

on track even in the event of your demise. Health insurance will ensure that illness does not deplete your long-term investments.



Remember to sort out these issues before you embark on a break, so that you have complete peace of mind to enjoy your sabbatical. Once you've taken care of them, it's time to sit back, relax and enjoy your well-deserved break, so that you can come back recharged and refreshed.

Sources: 1. <https://www.moneycontrol.com/news/business/personal-finance/taking-a-long-break-from-work-plan-for-the-money-well-in-advance-4222581.html>
2. <https://www.adityabirlacapital.com/abc-of-money/maintaining-financial-stability-when-taking-a-work-sabbatical>