5 Financial Moves To Make Before Quitting Your Job

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Executive Summary - Quitting your job is an important decision. It affects your life from different aspects. Some of the financial moves that you have to do to cushion the impact are to think about the future from all angles, discuss finances with a professional financial advisor, build an emergency fund and assess insurance. You should also review your current health status, pay all dues, maintain cordial relations with colleagues and superiors at work and think about and plan your life post quitting the job.

You have finally decided to quit your job. It is not an easy decision. There could be many pros and cons to consider. You have to make sure that you make the following financial moves before giving your resignation letter -

1) Think about the future - You have to think about your future before you quit your job. Being single and quitting your job has its own challenges and having dependents while quitting is a different ball game. You might need to build some cash reserves before you quit your job. How will you manage finances for yourself and your near and dear ones? If you are getting a severance package, you need to implement it properly for making it an income source. If you do not have any other source of income in hand, you have to decide if you plan to go for another job or start your own venture. If you want another job, you might have to activate your network and update your professional social media profile. If you are starting on your own, you have to plan your resources and time accordingly. You will have to be mentally prepared if you will become financially dependent on another person.

2) Discuss with a professional financial advisor - You should assess your financial situation before you quit your job. You should take advice from a financial advisor if you are not very confident about your money management skills to plan the best course of action during this life changing event. You should be aware of investments, income streams, debt etc. You should have a plan of action to fund your retirement goals.

3) Assess and if necessary build an emergency fund - Are you quitting your job without any regular source of income? If yes, then you should be aware that even if income stream stops, expenses will continue to be there. You should start building an emergency fund from 3 months-6 months depending on your family situation and financial status so that you will not land in any financial
4) **Assess your insurance** - Insurance is a very important component of your financial plan. Before you leave your job, check the effects on your insurance (health, medical etc.). Check if you have enough insurance to cover emergencies. If not, you should buy insurance policy that covers you and your family. You should also plan insurance as per existing health problems and future health problems.

5) **Some other steps to take** -

i. You should pay all bills that are pending. You should pay off credit card dues. If possible, pay some advance amount for utilities and rent/maintenance charges so that you are in a better position.

ii. You should visit your doctor, dentist and any other specialist as required before you quit your job to make sure you are healthy.

iii. You should have a fair idea of what you want to do after you quit your job. You might want to pursue higher education or be a stay-at-home parent or start a venture etc. It is important to know what you will be doing after you quit else things can go awry.

iv. You should finish all your professional tasks and try to leave your company on good terms with superiors, colleagues and the HR department. You should check your employment contract to check the terms and conditions of leaving the job so that you have a smooth exit.

v. Think about the reasons for quitting the job and make sure it is not a hasty decision made because you are angry or bored. Evaluate if a sabbatical will serve the purpose and is possible in your company. It is an extreme step and should be taken rationally.

Quitting your job makes has a personal impact and a financial impact. It is important to think through it properly so that long term financial well being of you and your loved ones is not compromised upon.

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