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Want to quit your job? Ask a financial planner 4 questions first

BY LESLIE QUANDER WOOLDRIDGE, Sep 26, 2019, 2:15 PM

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- The desire to quit your job may seem urgent, but it's important to think ahead before you give notice.
- A [financial planner](#) can help you make smart financial moves for your next phase — whether you're quitting to take a new job or starting your own business.
- Things to ask about include setting up a good financial cushion, securing health insurance, and [saving for retirement](#).



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If you're longing to quit your job, you're not alone. In fact, 3.6 million people quit their jobs in one recent month, according to a [September 2019 release from the Bureau of Labor Statistics](#). And a third of US workers seriously considered quitting in the three months prior to [one 2019 survey](#).

I was one of the people who considered quitting in recent years — and actually did it — so I know how you may be feeling. But whether you want to get a new job (perhaps with a better salary or more growth potential) or work for yourself, it's important to think ahead. And a certified financial planner can help.

Here are some questions to ask a CFP, and other points to consider, before you resign. Because quitting can feel great. But being well prepared for your next phase can feel even better.

"How can I have a good financial cushion and account for unexpected expenses?"

This query is especially key for would-be entrepreneurs. Before I quit my job to do consulting and coaching, I saved several months of living expenses. It helped because I wasn't stressed about having to make a certain amount of money right away.

"It's always good to build up your savings, especially if you're going to be venturing into a new field," says Rochelle Odesser, CFP and vice president of Madison Planning Group in White Plains, New York.

But even if you're going to a new job, you may have unexpected bills. What if you need to buy new work clothes or pay more for transportation? And do you know when your first paycheck comes in and if you can cover costs until then?

"The question for the financial adviser is, 'Can you please help me with all of the expenses that I need to consider that are above and beyond my expenses that I have now?'" says CFP Nancy D. Butler, a speaker and author

based in Waterford, Connecticut. Then you can determine how much you need in reserves to cover them.

"How can I plan for health insurance coverage?"

You never want a medical emergency, and you really don't want one if your insurance has lapsed. That's because medical bills [are a leading cause of financial hardship and bankruptcy](#). But planning for insurance can vary depending on your situation.

"I always say, find out about the health insurance, especially if you're going solo," says Odesser. For instance, if you have a spouse who has coverage, you may be able to join that plan. Or, if your current work coverage will end, continued coverage under [COBRA](#) may be an option. Just prepare yourself for a higher bill, as you'd be responsible for the premium.

If you're offered a new job, ask whether health insurance is covered and when you'd be eligible. A CFP can help you sort out the details.

"What should I know about saving for retirement?"

You'll likely have various considerations. If you're going to a new job and have an existing 401(k), you may want to ask a CFP how to handle that account.

If you're considering withdrawing 401(k) funds — particularly if you're under age 59 ½ — pause and call a professional. "You can, but it's very expensive," says Odesser, noting an early withdrawal is generally not a great idea. "Not only is it taxable, but there is a 10% penalty."

A CFP also can advise about benefits packages. A new job may not be a winner if you're not immediately vested in the 401(k), or if the company match is lower than your previous job.

And if you want to work for yourself, a CFP can help determine which retirement options are appropriate outside of a 401(k).

"The question is, 'Will you be able to afford to put [the money] away?'" says Butler, noting that businesses can take a year to get going. "You need to be putting money away, but maybe it needs to be in a temporary holding spot. I would be hesitant until the business is self-supporting to commit to saving money for the long term."

[A high-yield savings account](#) may be the best bet as you build. Talk to your planner.

"How can I ensure my next move is financially smart overall?"

If you're approaching retirement age, that matters. Personal responsibilities, and goals like buying a home, also affect decisions. That's why tailored advice can be helpful.

That said, in general, when moving to a new job, consider more than base pay. "It's not just about the salary ... it's also quality of life," says Butler, noting that benefits like life insurance, disability coverage, sick days, and vacation days factor in, in addition to the new workplace schedule and environment. Because if a new job requires twice the commuting time or long hours, is it really an improvement — even if the salary looks good on paper?

If you're starting your own business, you may need to work longer hours and make up for lost benefits by paying more out of pocket. (Hello, health insurance.)

You also may need advice about how to set up your company, including business banking and credit card accounts and tax status. But if you plan ahead, you can work toward long-term goals. Ask key questions and consider your options to be as prepared as possible.