

The true cost of making a career change

If you feel like your hopes for a career change have been dashed, don't worry – such a move can still be possible in this environment. Despite COVID-19 and its economic impact, there are still companies and businesses looking for staff.

But looking into the financial impact of a career change is always a key step, and one that can matter even more now. It's also important to have an understanding of the state of the job market and the factors that might impact a career change now.

We asked [Jane Jackson](#), career coach and creator of [The Careers Academy](#), and Nerida Cole, Head of Advice at the Dixon Advisory, for their advice.

Here's what to know and how to start planning.

Facing the current job market

Job ads are on the rise month-on-month, but there's also been a rise in the number of people in the job market looking for work.

It typically takes someone in a mid-management role three to four months to make a transition, Ms Jackson says. That covers the time it takes to explore what's out there, promote yourself, apply for roles and go for interviews. But that timeframe could now be drawn out in this environment where there has been an influx of job seekers, she says.

"There's been a lot of downsizing and chances are there will be a lot of competition," Jackson says. "However, if you're thinking about leaving your current role because you're unhappy and it's not tenable to be in it, then you need to have a buffer in the bank so you can draw upon it monthly."

How much should you save?

Exactly how much money you should put aside for a career change will depend on factors like whether you have a mortgage, your family situation and your lifestyle expectations. But Jackson advises to have at least six months of expenses saved for the move. As a financial adviser, Cole stretches that figure to up to 12 months.

"As a minimum we'd like to say that someone who is employed should have three months of living expenses," Cole says. "If you're actually out of work or are worried about that, that's when you'd have up to even 12 months of living expenses."

According to figures from [Expatisan](#), the average monthly cost of living is \$3,633 for a single person, meaning you'd need around \$21,800 for a six-month savings reserve and \$43,600 for 12 months. The monthly average comes up to \$6,890 for a family of four.

Consider your future earning potential

While having a healthy savings net is important, Cole also says it's worth thinking about superannuation and whether your new role will come with a salary cut. This is especially true if you're transitioning from an industry that you're quite experienced in to one where you're less senior.

"Having a reduced salary doesn't just mean a cut back to your current expenses, it also means you'll have less going into your superannuation and future savings," she says.

Then there's the issue of job security. "Even if it is full-time position, most roles have a six-month probation period with a pretty short notice period, whereas your current role will hopefully have a four-week notice at least," Cole says. "You might also be eligible for a voluntary redundancy if they're going through a cutback or something like that."

What to do before you quit

While the job market may be more challenging now, it's not impossible to make a pivot in your career or to change industries. But it's important to be aware of the industry you want to go into by doing some preparation and research.

1. Look into your prospects.

"When you're going for any advertised role, you've got to think of the statistics and the chances of your success," Jackson says.

Questions to ask yourself might include: What's going on with that industry right now? How many companies are there that might need this kind of job? And how many candidates might there be for that role?

This isn't about being negative or limiting yourself; it's about being realistic and getting a more accurate idea of how long or challenging the process might be.

Some of these questions might feel hard to answer, but try using them to guide your research. One way to do this is to explore industries and roles to see how many job opportunities are available, the projected job growth and the average salary.

2. Be clear on the salary you want

It's important to [explore and compare salaries](#) for roles. Researching salaries for roles

you're interested in can help you determine if a move is feasible, and it can also help you to set a benchmark for yourself when you get to the stage of interviewing for roles.

It's also important to be forward-thinking here. If you'll likely have to take a pay cut to make your career change, think about how that can impact your financial situation beyond your monthly expenses, such as your superannuation.

3. **Prepare your savings**

The larger your safety net, the more time you have to job hunt. Ensure your money is readily available to withdraw in something like an online savings account, versus a long-term investment like stocks, superannuation and property.

If you've already left a role, Jackson advises her clients to withdraw from their safety account on a weekly basis – “either the same amount or a little bit less than what you'd normally spend,” she says.

“This way you know it'll last you that entire time. If you get a job within a month then fantastic, the rest can go to savings, but you won't have to panic until you get to the fourth month. Then you might need to look at getting a job instead of the dream job.”

4. **Talk to people in the industry**

Not only will this help you understand which areas have the best growth prospects, it also minimises the chances of you not enjoying your new role after making the transition. “An industry is often very different from the outside,” Cole says.

Look at [how you can build your network online](#), and see if you can connect with people for coffee, a virtual catch-up, or an [informational interview](#). Let people know you're looking to change careers and that you'd appreciate their insight into the industry. Ask about what roles are like, the pressures or challenges, the best places to work, and if there's anyone else they'd recommend you speak to.

5. **Have a plan**

Creating a career change plan can help you to remain focused, ease the stress you might feel, and give yourself enough time and resources to make the change.

Your plan might break down the career change into actions you can take over several months, and cover the financial side of things as well as growing the skills you need.

“Even if it takes you five years to build up the skills to get into the area you want, it lets you take back control,” says Cole.

“Often people feel a lot more comfortable in their current job when they have a plan and know they’re working towards something which is helping them.”

A career change might seem off the cards now, but even in this impacted job market, it can still be possible to move to a new role or industry. By researching, speaking to others, considering your finances, and forming a longer-term plan, you can start taking steps in a new direction.

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