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Amid COVID-19 Pandemic, Americans Are Reevaluating Their Careers in Search of Financial Stability

Nearly three-quarters of Americans look toward additional income sources in light of the pandemic's economic damage, NAPFA survey shows

CHICAGO, IL — Nearly three-quarters (70%) of Americans are considering adding another source of income after witnessing the economic damage caused by the COVID-19 pandemic, according to a survey released today from the National Association of Personal Financial Advisors (NAPFA). Many Americans are completely reevaluating their careers and say because of the pandemic they are more likely to start their own business (27%), find a new job (27%) or make a career change to an entirely new field (25%).

"Whether they've been directly affected by job losses and furloughs or not, consumers are clearly taking note of how the pandemic has disrupted the U.S. economy," says Geoffrey Brown, NAPFA CEO. "They are looking for ways to improve their financial security and not shying away from considering major life changes. To be successful in these endeavors, smart financial planning is critical and a Fee-Only financial advisor can help navigate all types of career transitions."

As Americans reassess their professional lives, increasing their income is the top priority. Of those who've become more likely to find a new job or make a career change, most hope to gain a higher income (45%), a steady income (42%) and the ability to work from home (30%). Similarly, of those interested in starting their own business, most want a higher income (48%), to be their own boss (38%) and a flexible work schedule (33%).

Financial security is especially important to women. When it comes to finding a new job or making a career change, 49% of women are looking for a steady income, compared to only 36% of men. There were also generational differences in the survey. Most notably, younger Americans are more likely to consider bigger changes in their lives as a result of the pandemic. Nearly one-in-three (31%) millennials are more likely to start their own business, compared with just 17% of baby boomers. However, more than half (56%) of baby boomers say the pandemic has made them thriftier, while only 35% of millennials say the same.

"Regardless of how you're reacting to the pandemic, with big changes or small ones, there are strategies you can use to maximize your opportunities for becoming more financially secure in 2021 and into the future," explains Brown.

Tips from NAPFA Advisors

Adding another source of income

- Re-read your primary employment agreement and employee handbook to ensure you're aware of any freelance or secondary-job restrictions.
- Consider which income stream has the best options for health care, retirement contributions and other benefits.

- Get specific about what you need to succeed. Create revenue or income goals, develop timelines for hitting training or growth milestones and set metrics to know you're on track.

Starting a business

- Ask yourself the following questions: Do you have enough savings to last until your business becomes profitable? How will you handle health care and other benefits? Create metrics and goals to stay on track.
- Understand your personal expenses – both fixed and discretionary – before starting your business. Consider when your business income needs to replace your old income.
- Include all contributions you'll need to make in your business plan. If self-employed, you may be required to pay the employer share for Social Security, Medicare and other payroll taxes.

Switching jobs/careers

- Research whether tax credits, grants or scholarships are available to help with the cost of training or education needed for a new job.
- Compare not just the salary of your current job with the salary of your potential new job, but also the total compensation, including employer-paid health insurance premiums, 401(k) matches, equity compensation, etc. Negotiate with your new employer to ensure you're getting benefits you previously had, such as 401(k) matches or stock options, so you don't incur a loss.
- Avoid tax surprises. Additional income, including severance packages, paid time off and other payouts, can push your income into a higher tax rate. Adjust tax withholding correctly.

Applicable to all scenarios

- Ask yourself how this change impacts your other goals such as cash flow, retirement or paying off debt. Plan accordingly.
- Work with a financial advisor who can help you weigh the financial benefits and drawbacks of changes you're considering. Advisors can use projections to help you understand how different scenarios might affect your future.
- Give yourself credit for making a change and acknowledge your successes.

At any point in your financial journey, working with a Fee-Only financial advisor can help you understand your current financial situation and help you feel prepared for the future. Visit the NAPFA website for a search tool to find financial advisors in your area, as well as for a variety of consumer resources, including details on how to find a financial advisor.

Note to Editors/Reporters

Additional survey findings are available here. The following NAPFA advisors are available for interviews about tips for each scenario:

- Stephen Fletcher (CFP®, MBA), BlueSky Wealth Advisors, LLC
- Andy Mardock (CFP®, MBA), ViviFi Planning
- Karla McAvoy (CFP®, MBA), HC Financial Advisors, Inc.

About NAPFA

Since 1983, the National Association of Personal Financial Advisors has provided Fee-Only financial advisors across the country with some of the highest standards possible for professional competency, comprehensive financial planning, and Fee-Only compensation. With more than 4,000 members across the country, NAPFA is the leading professional association in the United States dedicated to the advancement of Fee-Only financial planning. Learn more at www.napfa.org.