



# FINANCIAL Insights



## Relocating for Your Career

Moving for a new job is a significant and stressful life event. There are many factors to consider when determining if the perks of moving outweigh the emotional and financial hardships that come with relocating. Review the following points to help determine whether moving for work is the best choice for you.

### Steps of Consideration

**Employment Situation:** When evaluating whether or not to move for a new job, start with your current situation. Weigh how much you enjoy working for your current employer, the salary and benefits, as well as how your job helps grow your professional skills. Relocating for a new job may be vital to your career growth if your current location may not have the same opportunities. However, if the new job doesn't offer a significant financial upgrade over your current job, then moving may not be a worthwhile trade-off.

**New Location:** In addition to your current career, evaluate your living situation. Your current standard of living may be drastically different when relocating. The potential pay raise you get may not adequately cover the inflated standard of living. Additionally, if selling your current home and buying a new one will result in a significant loss of money, then relocating may not be a sound financial decision. Additionally, make sure that the new residence is a good fit for how your family lives. Research potential neighborhoods to make sure a new location is able to meet any of your potential needs.

**Impact on Significant Other:** Making your partner move for work will impact them as much as it will affect you. Your relocation will most likely result in your partner needing to find new work. If your partner has a career that is lucrative or has few openings, moving may hurt their professional future and cost your family more income than a new job would provide.

**Impact on Your Children:** Relocating will have a big impact on your children as well. Changing schools, leaving their friends and moving to a new city will be an extremely disruptive change for them. Ensure that your new neighborhood has a quality schooling system. A good school can both ease the difficulty of change as well as provide new learning opportunities.

**Envision Your Future:** Make sure you have stability and a long-term plan with the company for which you are relocating. If you don't have a set path for your career, you may end up going through the relocation process again in a few years.

## May

**Emotional Ties:** You and your significant other may have deep personal relationships in your current city. Leaving your home, job, family and friends will make a move incredibly difficult. Make sure that you and your family are prepared for the emotional toll.

### Paying for Relocation

**Company Assistance:** Oftentimes, your new employer will help you with moving expenses in order to encourage you to join their company. However, this may not always be the case. Before you make the decision to move and are stuck paying out pocket, ask your new employer if it intends to offer you financial assistance.

**Paying Out of Pocket for Relocation:** If you are personally paying for relocation, you may be able to deduct the expenses from your taxes. However, there are requirements that must be met in order to qualify for this:

1. **Distance Requirements:** Must be at least 50 miles farther than your previous employer was from your initial home. For example, if you worked 10 miles from your job, your new home must be at least 60 miles away.
2. **Time Requirements:** Must work full time for at least 39 of the 52 weeks following the day you move. "Full time" is decided by your industry's requirements for full time and there is no universal number that must be met.
3. **Moving Expenses:** "Reasonable expenses" that come as a result of needing to move will most likely be deductible. This includes a storage locker for up to 30 days if there is a transition period when you are unable to complete the move (such as move-in date that comes a few days after moving out). Otherwise, "reasonable expenses" include gas for personal vehicle, parking costs, toll costs, and moving vehicles. Also, if you are moving a long distance, you can deduct airplane and train ticket costs.

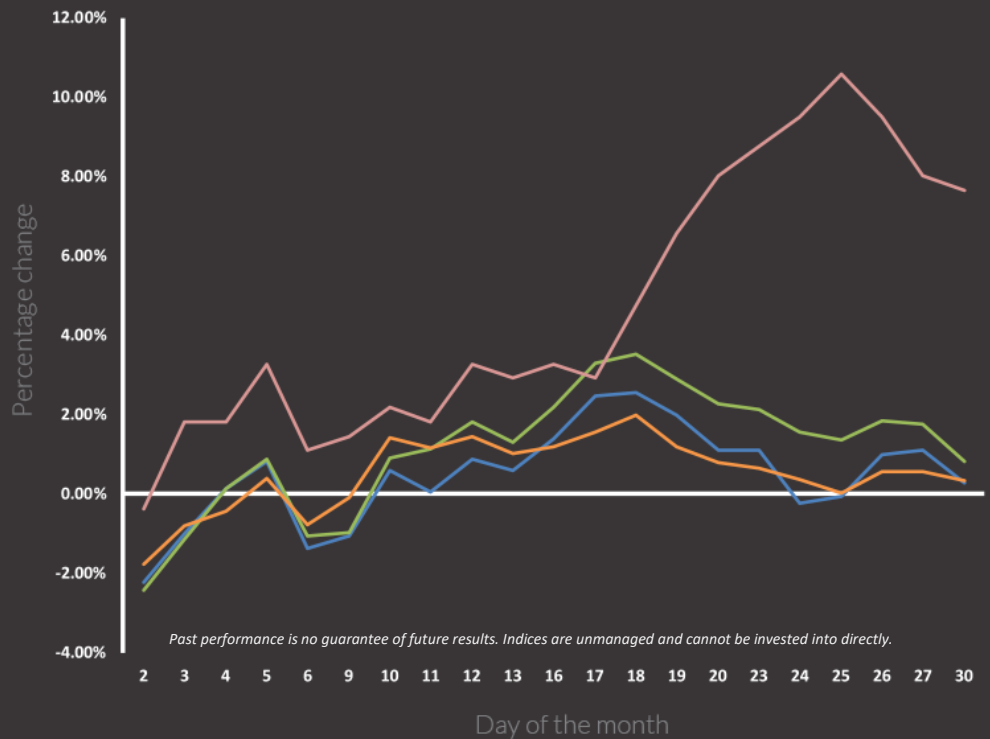
Unlike most deductible expenses, you are permitted to claim the deduction before you know if you'll fully qualify for it. This is because the "12-month full time" stipulation might change your qualification.

Deciding to relocate for your career may be difficult, as the move will impact many aspects of your life. But if you carefully consider how the decision will affect you and your family, it may ease the stress.

# The market at a glance

## April

<span style="color: #0070C0;">■</span> <b>U.S. Large Cap</b> (S&P 500)	<b>2,648.05</b> (0.27%) ▲
<span style="color: #70AD47;">■</span> <b>U.S. Mid/Small</b> (Russell 2000)	<b>1,541.88</b> (0.81%) ▲
<span style="color: #FF9900;">■</span> <b>International Large</b> (NYSE International 100)	<b>5,674.16</b> (0.34%) ▲
<span style="color: #C00000;">■</span> <b>U.S. Treasuries</b> (U.S. 10-year Treasury yield rate)	<b>2.95</b> (7.66%) ▲



## The market in action

- April opened with one of the largest technology IPOs ever when Spotify went public, gaining a \$29.5 billion valuation. Spotify's listing was unusual because it was a direct listing and offered shares without the help of a bank for underwriting purposes.
- Facebook founder and CEO Mark Zuckerberg made the trip to Capitol Hill for his first ever appearance before congress in the wake of exposed privacy concerns stemming from user data harvested without explicit permission by Cambridge Analytica.
- After years of war and high tension, the leaders of North Korea and South Korea convened in Seoul, South Korea. The meetings focused on the denuclearization of the Korean peninsula and the first steps towards peace negotiations. Additionally, this marked the first ever visit to South Korea by a North Korean leader.
- Optimism surrounding the media streaming giant Netflix soared after the company announced their first quarter earnings. The company saw big increases in subscribers and slightly beat out revenue estimates – all in the face of rising competition from Disney and Amazon.
- Impossible Foods, a company that makes meat directly from plants, has seen plans for rapid expansion as the addition of a \$114 million convertible note has raised total investments to nearly \$400 million. The company's staple food, the award winning Impossible Burger, can now be found in more than 1,000 restaurants across the entire United States.



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## The Cost of Waiting

The median retirement portfolio account balance for persons age 56-61 is just \$25,000—which is obviously not enough for a healthy retirement, and suggests that many Americans followed less-than-healthy savings habits. In fact, this amount could have been accumulated simply by saving \$6 a month in a 60/40 portfolio from 1980 to the present.

A recent blog post by New York-based research director Michael Batnick calculates how procrastination impacts the amount that would have to be saved in order to afford that comfortable retirement. He starts by noting that the 90th percentile pre-retiree has managed to save \$855,000. Then he imagines that a hypothetical person starts her worklife in 1980, and invests in an evolving portfolio, 80% stocks, 20% bonds from age 22 through 39, a 60/40 portfolio from age 40 through 54, and 40/60 stocks/bonds until age 60, today. To get to \$855,000 today, this person would have had to save \$159 a month in the first year, and increased that savings each month commensurate with inflation.

What if she waited five years before starting to save for retirement? Then she'd need to save \$327 a month to achieve the same goal. If she waited ten years to get started, the savings would start at \$570 a month and rise with inflation. The point of the blog: if you know somebody starting out or in early earning years, invite them to consider the potentially heavy cost of waiting before they start saving—or they could suddenly, unexpectedly, end up with the equivalent of \$25,000 and retirement just around the corner.

-Bob Veres

Source:

<http://theirrelevantinvestor.com/2018/05/01/the-cost-of-waiting/>

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