

## When It's Quitting Time



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By Linda Stern



*Illustration by Tim Bower for Newsweek*

Bill Barnes and Sara Cole are downwardly mobile. In the mid-1990s, the Seattle couple was living large on two Microsoft salaries and no big responsibilities. Sara, now 38, gave up her job when daughters Theo, 7, and Rosie, 4, came along. Then Bill, 41, an artist, developed "Unshelved"—a comic strip that he loves far more than the commute and the cubicle. So he quit, too, leaving Microsoft last month to go solo as a cartoonist and pushing his family farther down the security and income spectrum.

Last year Bill raked in roughly \$180,000. This year, if he's able to build the comic strip as he hopes and do some consulting around the edges, he might earn \$80,000. The couple has carved up the family budget; they've moved to a smaller home, limited their restaurant meals and begun to shop at thrift stores. But they're happier. "I think I've held my last job," says Barnes.

He and Cole are part of a minitrend, says Chicago outplacement consultant John Challenger. The percentage of married couples with two salaries peaked at 53.4 percent in 1997; now it is 51.8 percent. Husbands and wives are leaving jobs midcareer, some to stay home with kids, others to help ailing parents and others to tend their own fledgling businesses. And some, of course, get laid off. Here's how to make the transition to a smaller, perhaps sweeter life.

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Run the numbers. They won't be as grim as you think. The first thing you give up with the second salary is taxes. When a husband and wife each earn \$50,000 and one quits, the tax savings off the top are \$14,825, calculates Bob Scharin, a senior tax analyst with Thomson Tax & Accounting. You'll also save money on downtown lunches, fancy work clothes and all the other things you buy—from convenience meals to child care—to make your working life easier. To find out exactly how much of a gap you'll be left with, crunch the numbers with these online calculators: [kiplinger.com/tools/managing/afford.html](http://kiplinger.com/tools/managing/afford.html) and [parents.com/app/stayathomecalculator](http://parents.com/app/stayathomecalculator).

Ease into it. If you have the luxury of planning your exit, start living on less as soon as possible. Bank extra cash in a rainy-day fund. Apply for a home-equity line of credit before you quit, just to make sure you have a source of cash for emergencies.

Squeeze the budget. Some couples find extra cash by cutting their retirement contributions and college savings during the first lean year or two. That's OK, but it's better if you can keep saving and close the gap by living

below your means. When Lewes, Dela., financial planner Burt Hutchinson's wife, Pam, left her job, the couple made a list of possible savings. Among them: stretching their mortgage with a 30-year fixed loan, which they haven't yet done.

Then spend more. Buy term life and disability insurance for the family breadwinner and consider term life insurance for the stay-at-home spouse. If necessary, use the quitting spouse's COBRA benefits to keep the family health insurance. If you're still able to save for retirement, set up a spousal Individual Retirement Account for the nonworking spouse, to make sure his retirement savings keep pace.

Keep the career fires burning. It's one thing to drop out of the work force for a while; it's another to give up contacts and skills that will ease your transition back. Yvonne Lefort, a career consultant from Moraga, Calif., who specializes in stay-at-home moms, tells them to meet former colleagues for coffee, take classes to keep their tech skills alive and attend the occasional professional conference.

Renegotiate the partnership. Sometimes the biggest adjustment when a couple transitions from two jobs to one isn't the budget, it's the marriage. "We had to do a lot of work in our relationship when we switched to a traditional bread-earner/stay-at-home-wife deal," says Barnes. He puts all his earnings in a joint account and then he and Cole draw equal but small amounts for personal spending and gift giving. The quitting spouse might be sacrificing a career for the sake of a family, or the working spouse may be sticking with a less-than-wonderful job to support the quitting spouse's dream. "If there are quid pro quos involved, it's important to make them explicit," says San Francisco financial adviser Milo Benningfield. "Make sure each partner agrees on the reasons for the transition and acknowledges each other's efforts, sacrifices and good will in helping to make it happen." So talk about it, every step of the way. Without that pesky job, you should have plenty of time.