

## PERSONAL FINANCE

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**Your Money 2009** | Monthly financial makeover

# Taking a big pay cut to do good

**ABRUPT CHANGE** | A financial planner helps Margaret Quan, of Seattle, afford a new life as a humanitarian worker or volunteer.

BY MICHELLE ARCHER  
Special to *The Seattle Times*

Margaret Quan was making good money — in the low six figures plus a bonus — as a software-product manager. Much of her life was spent on the road armed with a BlackBerry and eating meals in restaurants.

The corporate world suited her workaholic and overachiever tendencies, the 44-year-old Seattle resident says, but it didn't feed her soul.

So two weeks ago she quit.

"I made the conscious decision," Quan said, "to live the second half of my life with purpose."

Annual backpacking trips to such places as Peru, Cambodia and India had whet Quan's appetite for adventure and fed a growing conviction that she wanted to use her skills and experience in the field of crisis relief or humanitarian work.

To that end, Quan last summer applied for an administrative position in the field with Médecins Sans Frontières (known in North America as Doctors Without Borders), a medical-humanitarian group operating in nearly 60 countries that helps people whose survival is threatened by violence, neglect or catastrophe.

It's a risky occupation: Two staff members were killed by a roadside bomb in Somalia last January, and there's rough living conditions and exposure to the very diseases the group is trying to treat or prevent.

Later this month, Quan will go through the final round of interviews and will likely be deployed to a hot spot in February.

If she goes, her stipend will be \$1,300 a month, less than what she previously made in a week, but enough to cover the



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mortgage and fees on her condo while she's away for a year or 18 months. Plan B, if she doesn't get accepted, will be to take an extended unpaid volunteer vacation in Central or South America.

Quan has been deliberately saving for this abrupt change, socking away half her paycheck in money-market accounts and certificates of deposit.

That stockpile now adds up to about \$170,000. Apart from her mortgage — she owes \$91,000 on her condo that's valued at \$305,000 — she's debt-free. Her 401(k), currently valued at about \$100,000, and a brokerage account containing a few ailing stocks like Citigroup and Crocs are worth about \$18,000.

"Just recently, I've gone into a deeper level of cheapness," Quan says, buying bulk foods, preparing soups and stews, clipping coupons and using the library for entertainment.

Still, the current economic climate and the prospect of having very little-to-no income for the next year or two, possibly more, has Quan concerned that she hasn't done enough to strengthen her financial position for what she calls her "encore career," and later on, retirement to a cottage.

Creating a plan for Quan to help her feel confident in her ability to follow her calling is Michelle Fait, founder of

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Satori Financial in Seattle and member of the Financial Planning Association — Puget Sound Chapter. Fait, who has also worked as a Wall Street investment banker and treasury manager at Starbucks, is no stranger to career change and understands Quan's desire to seek greater personal fulfillment.

"Yes, (Quan) could be making more money doing something else, but in terms having a satisfactory life and being able to meet all her needs, she's going to be fully employed though it may not be in the financial sense."

Quan says during their meetings, Fait noticed a glaring inconsistency between her personal and financial makeup.

"She pointed out the contradiction of my personal-risk profile compared to my financial-risk profile," Quan says. "Where I tend to be more conservative financially, but I'm willing to jump off a limb and bungee jump in my personal life."

Fait said that Quan's aversion to risk in investing and very disciplined savings will allow her to be more risk-taking in life by providing a solid base for her endeavors.

But, she added, Quan's overall investment picture must include retirement, which should be better reflected in her portfolio.

Quan has ample cash reserves, Fait says, to take a sabbatical of up to five years. Fait recommends Quan set aside \$30,000, or about a year's worth of living expenses, from her cash and CD reserves as an emergency fund.

The remaining \$150,000 should be invested for the longer term, Fait wrote in Quan's plan, in foreign and domestic equities and other noncash investments.

She stressed that the value of the investments will fluctuate, but that Quan's cash reserves give her freedom from today's market volatility by ensuring her expenses can be met in the near- to intermediate-term window.

Based on Fait's advice, Quan already has changed her allocation in her 401(k) and sold her shares in Citigroup and Crocs at an approximate loss of \$10,800, which she can deduct from her income taxes, up to \$3,000 a year.

Fait says the \$3,000 loss will save \$840 in taxes this year. "It's also just a good lesson," Quan says. "I never had a comfort level with stocks to begin with, and I did this more on a whim to see what would happen if I just picked some companies that I really liked and just ignored them for a couple years."

Her self-proclaimed mattress-stuffing mentality may cause Quan to veer away from Fait's advice to invest a further \$150,000 in a couple of Fidelity mutual funds and a T. Rowe Price mutual fund.

"I can look at a plain old certificate of deposit where I am guaranteed a 3.25 percent return every year. Whereas I look at these guys and, granted, 2008 you can call an anomaly. But (Fait) has faith in the market, much more than I do, so I'm struggling with that one."

Quan says she may set aside an additional \$30,000 in a CD because it makes her more comfortable and "play" with the rest in the mutual funds Fait recommended.

But she's already carried out a few more of her marching orders from Fait's plan, redoing her will and appointing her lawyer brother as a financial power of attorney while she's abroad.

She's looking into different types of insurance and considering refinancing to a 15-year mortgage so her condo would be paid off by retirement time. A CD that matured a few weeks ago was rolled into a traditional IRA, which she'll convert to a Roth IRA in 2009 when she's in a lower tax bracket.

And Quan finds reassurance seeing the hard numbers in Fait's plan, which projected as long as a five-year sabbatical.

"It's pretty amazing. I am in a really good position to do this," Quan says. "I'm not making money per se, but I'm hopefully not going to lose money."

With less to worry about back home in Seattle, Quan is anxious to see how she'll respond to the physical and psychological demands of living and working in a conflict zone or an area suffering from an epidemic, and to learn if that type of work is her true calling.

"If not," she says, "then it's back to the real world, but hopefully with a deeper understanding of myself and the world."

### The reaction



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### The financial planner's advice

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