



GEN Y PLANNING®  
FINANCIAL PLANNING FOR MY GENERATION

Beyond a Break



# How to Financially Prepare to Take a Sabbatical





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# What is a Sabbatical?

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A sabbatical is an extended leave from work to recharge or pursue personal or professional development. These career breaks have become increasingly popular among Gen Y. Not only did Millennials watch generations ahead of them often put their jobs above personal well-being, but books like *The 4-Hour Workweek* by Tim Ferriss inspired millions of people to take “mini-retirements” instead of saving retirement for the end of life.

Deciding to get on board and take a sabbatical can feel exhilarating and daunting all at the same time. Having a thoughtful plan to make it happen, especially when it comes to your finances, is crucial for your sabbatical’s success. Allow us to break it down:

# Types of Sabbaticals

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Sabbaticals typically range from several weeks to a few years. There are short-term sabbaticals (think 1-2 months), medium-term (3-6 months), and long-term (6 months-2 years). Short-term is probably the right fit if you're considering taking a sabbatical to acquire a new skill set. A sabbatical that includes extensive travel probably would fall into the medium-term range. Or, if you want to completely pivot what you're doing and have an entire career change, a long-term sabbatical is probably the most appropriate.

The shorter a sabbatical, the easier it is to plan for logistically and financially. The longer it is, the more significant financial cost and professional risk you run (job loss, career re-entry challenges, etc.). Conversely, shorter sabbaticals don't provide enough time to recover from severe burnout, fully pursue a passion project, or travel extensively the way mid- to long-term sabbaticals do.





# Pre-Sabbatical Planning

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To get started planning your sabbatical, first, select the right length for you. This is best done by getting clear on your “why.” Do you need to rest, want to take an epic vacation, write a book, or learn a new skill? Think short-term if you’re just looking for a quick recharge with minimal career disruption. If you want a transformational experience, a mid to long-term sabbatical is probably right for you.

My friend Lyndall, a sabbatical coach from [Beyond a Break](#), helped guide me through this process when I was in the pre-planning phase of my sabbatical. I got clear on what the perfect sabbatical would look like for me, and it made a world of difference. Here are some of the things she recommends:

A professional’s point of view: from Sabbatical Coach Lyndall Farley

When people start thinking about planning a sabbatical, they immediately think about what they will “do” with the time. What I encourage people to stop and think about first is what they need to get out of their break - their sabbatical purpose. It’s so important to start with the “why” of your break as it means you’ll get what you actually need from the time.

## ***What’s your sabbatical purpose?***

To find out what you need from your sabbatical ask yourself two questions:

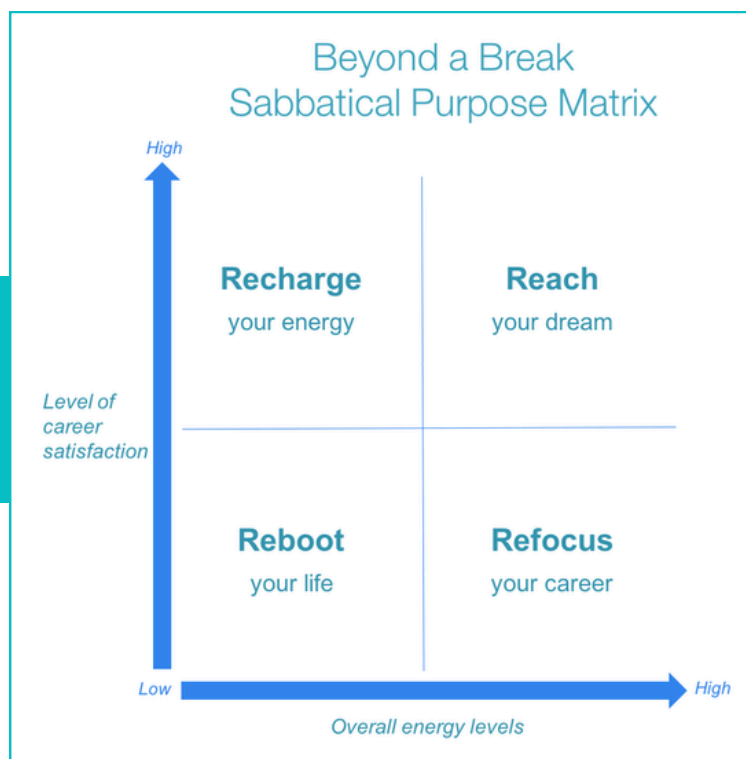
- 1 How satisfied you are with your current life and career?
- 2 How is your general wellbeing and energy levels?



## People generally fall into 4 sabbatical types:

**Rebooter:** These people may be on the path to burn out if nothing changes. They've lost their purpose and passion for work and have no energy to make a change. The first priority for their sabbatical is to revive their wellbeing - physically, mentally and emotionally. This gives them the energy to ask the big questions about what's serving them in their life, what's not, and what to do about it.

**Recharger:** These people love their career but are just feeling exhausted by the pace of life and work. By taking a break to do what they love or spend time with loved ones, they recharge their energy and return to work refreshed and able to sustain their performance for the long term.



**Refocuser:** These people are ready to step up their career or move in a new direction. They have the energy to plough straight into trying out new things to experiment, learn and be inspired for what's next.

**Reacher:** These people love their work, love their life and are full of energy. But they have big dreams and a long bucket list and there are some things on their bucket list that just can't be done in a few weeks of vacation. They want to climb Everest, build an orphanage or write a book. That takes time! The sabbatical is their ticket to achieving their life dreams.





## What will you focus on?

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Once you understand what you need to get from your sabbatical you then need to break it down into ways you'll achieve that purpose. These are your sabbatical focus areas and they'll help to keep you on track to achieving your purpose and making sure you get the most out of your experience.

There are a few common categories of sabbatical focus areas (but you can choose whatever works for you):

- **Personal Growth:** Your growth as a person, your enjoyment of life and your relationships with others
- **Career:** Reflecting on your path and determining your next steps
- **Health and Wellbeing:** Recharging your body, mind and soul

With your purpose and focus areas clear, it's finally time to write a list of wonderful activities you'll do in each of these areas. Focus on activities that are

- **Achievable:** Can you complete this during your sabbatical
- **Affordable:** Is the activity in your budget
- **Awesome:** Will this activity fill your heart with joy and make amazing memories

### ***What is your timing and schedule?***

Start by looking at your activity list for "anchor activities" ; these are things that can only be done on a specific date or season. Lock those into your schedule first, then fill in the more flexible activities. Starting with your anchor activities will also give you an indication of the timing and length of your sabbatical.

Planning a sabbatical is an iterative process. You may need to go back and revise your activities, timing or schedule based on your availability or budget. Keep revising until you find the right balance for you.

## Financial Planning for Your Sabbatical

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Once you have this clearer vision, it's time to prepare your finances. Start by assessing your current financial situation (i.e., current spending and savings habits, current savings, etc.). From there, figure out how much you'll likely spend each month while you're away. This will be your sabbatical budget. Think about any sabbatical-related costs like healthcare, educational costs, and/or travel costs. Once you've collected all of this, you're ready to calculate your sabbatical savings goal.

Here's the basic sabbatical cost formula we recommend:

$$\begin{aligned} &\text{Monthly or Weekly Expenses} \\ &\times \text{Sabbatical Duration} \\ &+ \text{Sabbatical-Specific Costs} \\ &+ \text{Emergency Fund} \\ &= \text{Sabbatical Savings Goal} \end{aligned}$$

**Pro Tip:** Don't forget to use any airline miles or credit card rewards you have saved up to help minimize the cost of your sabbatical. If you plan to get a new credit card to earn rewards for your trip, get the new card well in advance of your leave so you can reach the minimum spend and get the full sign-up bonus in enough time to book your travel.



# Saving Strategies

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Don't feel intimidated by the dollar amount of your sabbatical savings goal. Break it down by the amount of months you have before you leave and then set up an automatic monthly contribution to your sabbatical savings. Feel free to do it more frequently if that's easier.

You can also find extra money to put toward your goal by increasing your income and/or decreasing your expenses. Consider taking on a side hustle to boost savings and look at your current spending to see where you can cut back. If you'll be renting out your home or subletting your apartment while you're away, start decluttering now and selling things. This money can immediately go towards your sabbatical fund.

Before you leave, be sure to maximize your employer benefits, too. Get the entire 401(k) and/or HSA match. And get any medical or dental procedures handled while still having employer insurance.



# Investment Considerations

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Life will still be waiting when you get home. Keep this in mind and be sure to balance your short-term saving needs with your long-term goals. To do so, review your investments and adjust your portfolio to reflect your time away. Consider renting out your home while you're gone to not only help with cash flow but also have someone look after your property.

Have an Emergency Fund - both for life when you get home and for your sabbatical. Your general fund should be 3-6 months of pre-sabbatical expenses.

# Debt Management

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Debt can have a big impact on the success of your sabbatical. Consider paying down your high-interest debt before you go. Revisit your student loans too. Look at your current payment plan and make any adjustments. Be sure you've set up all payments on auto-pay. Any cash flow you can free up before you leave, like paying off a car, student loan or home loan, will help in creating a successful break.

If you're taking a long-term sabbatical and have a mortgage, assess whether you want the home when you return. If selling it isn't the right fit, can you rent or Airbnb it while you're away?

# Insurance Planning

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Before leaving, ensure that your insurance coverages will continue uninterrupted through employer-provided benefits, COBRA, or personal policies. If coverage will lapse, consider purchasing temporary individual plans to avoid gaps in protection while you're away. This applies to life insurance, disability insurance, and health insurance. [GeoBlue](#) is one of my favorite places to shop for individual health plans if you need coverage during your leave.

If you're taking a sabbatical abroad, travel insurance is vital to cover medical emergencies, trip cancellations, and lost or stolen belongings. Check with your credit card to see what travel insurance coverage they might already be providing you, and then decide whether or not you'll need a separate travel insurance policy to cover your trip.





# Tax Planning

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The type of sabbatical you take may have tax implications. If your leave is paid or short-term, it probably won't drastically change your tax situation. However, if it's unpaid or for a more extended period of time, you'll probably have a lower taxable income for the year.

For career-related sabbaticals, expenses like education and travel that enhance job skills may be deductible on your taxes too. If your sabbatical is international, you may have tax obligations in the U.S. and the host country where you're staying. There is a Foreign Earned Income Exclusion (FEIE) to avoid this double taxation. Still, it only applies to more extended sabbaticals, and you have to have earned income to be eligible.

## Safeguards for a Successful Return

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While it's essential to think of everything you need to plan while you're away, you'll also want your return to work to be as seamless as possible. Prioritize maintaining your professional networks and keeping your skills current while away. If your position won't be held at your current job, be sure to leave a financial cushion for a job searching period during your re-entry. If you'd like to return your current role, negotiate a sabbatical agreement with your employer before you go.





## Support your journey

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Even with the most detailed financial plan and a clear picture of your sabbatical, the process can feel overwhelming. Think about the support you'll need while planning your break and while you're on sabbatical - friends, family, therapy, coaching, community - whatever you need. Make sure you've got support in place to make the most of your sabbatical as a life-changing experience.

If you want dedicated support from a coach, contact [Lyndall](#) or another coach. It can also be helpful to join a community like [BreakSpace](#) to share the journey with others and be inspired.



# Tools and Resources

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As you get ready to embark on this journey, here are some of our favorite tools to help you succeed in all the planning that goes into creating an unforgettable sabbatical:

## Budgeting apps:

- [YNAB](#)
- [Copilot](#)

## Savings Goal calculator(s):

- <https://www.bankrate.com/banking/savings/saving-goals-calculator/>

## Sabbatical Cost Calculator:

<https://www.beyondabreak.com/sabbaticalcostcalculator>

## Sabbatical Planning Template:

<https://www.beyondabreak.com/sabbaticalplan>

## Recommended reading:

- [How to Take a Year Off From Work Without Wrecking Your Money Goals](#)
- The 4-Hour Workweek by Tim Ferriss
- Taking a Career Break for Dummies by Katrina McGhee
- Die with Zero by Bill Perkins
- 4000 Weeks by Oliver Burkeman

If you're considering taking a sabbatical, don't delay planning. The sooner you start thinking through logistics and working toward your savings goal, the easier it will be to make it all come together. While there's a lot to think about and plan when considering a sabbatical, hopefully, now you're equipped with the tools to get started on the right track.

We hope you can completely step away and have a truly memorable sabbatical.  
You deserve it!