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Time Out

A sabbatical can help you rejuvenate, nourish your creativity and expand your horizons.

by Harvey Schachter

Tara Tinmouth was feeling burned out and lacking in job satisfaction when she suddenly decided that she needed to get away. And not just take a two-week vacation, but a full-on six-month sabbatical. So she made a plan. The first stop would be Italy to study Italian for two months, on to Paris for a few weeks and then she'd finish up in England with a long-overdue visit to some close friends.

Sound too good to be true? Well, it isn't. Many women are stealing away to live their dreams. The truth is, taking a "career break" isn't as rare - or as difficult - as you may think.

"Given the research that we have seen, the interest in career breaks or sabbaticals is way up," says Nora Spinks, president of Work-Life Harmony Enterprises, a Toronto-based consultancy that addresses work/life balance from an employer's perspective. "Not only are more people letting the ability to take a sabbatical determine their choice of employer, but taking time off is now becoming more acceptable and integrated into our culture."

Although the decision to take a sabbatical should be made with deliberate planning, taking into account personal, career and financial strategies, the reality is that many women who pursue sabbaticals don't rigorously pre-plan their extended break. Their decisions are often spontaneous and they tend to be less wedded to finances than their contemporaries or better off financially so they can handle the temporary loss of income comfortably.

In the case of 35-year-old Tinmouth - whose employer KPMG LLP, in Toronto, allows staff a six-month break every three years - she funded her sabbatical by tapping into her savings.

Another option you may consider is to approach your employer, divulge your plan and suggest a self-funding plan that takes advantage of the sabbatical tax deferral allowed by the Canadian Customs and Revenue Agency. Your employer - but only your employer (you can't do it yourself) - can put up to one-third of your pre-tax compensation into a special trust that will only be taxed when you draw upon it during your break. That allows you, for example, to receive two-thirds of your income for three years, two of which you work and one of which you take off. If you're in the top tax

bracket, about half of the pre-tax compensation you forsake each year is actually money that the tax authorities would have claimed anyway, so your spending does not have to drop nearly as drastically as your income. (Note that there are specific terms in the Income Tax Act that apply to this sabbatical salary deferral arrangement, so you should familiarize yourself with the conditions and perhaps seek advice from a professional such as a financial planner or a tax expert before deciding if it's for you.)

If you don't want to commit yourself in advance to a sabbatical as required for that program, set aside money in a conservative savings vehicle. One possibility is to siphon part of each paycheck to a money market fund.

Ruth Bastedo, a Toronto-based investment advisor with RBC Dominion Securities, also recommends STRIP coupons - Separately Traded Residual and Interest Payments - which allow you to buy government bonds but have them highly liquid (read: easily converted into cash) and adaptable to your sabbatical's time frame. You can cash in the coupons, as needed, anytime over the life of the bond. But be sure to get a handle on any debt before taking a break, warns Bastedo, paying down what you owe, if possible, and perhaps deferring payment on any line of credit during the sojourn.

Peter Ameli, a senior financial advisor with Berkshire Investment Group in Toronto, offers his clients several strategies to manage the transition. These include re-amortizing your mortgage, reducing payments by stretching them out over a longer period or refinancing your mortgage. This will get you the money for the sabbatical but remember, you'll have to pay it back through future mortgage payments. Ameli also cautions that there isn't a one-size-fits-all way to fund a sabbatical. He recommends taking some time to think hard about how it will be paid for and research which options are the best for your individual situation.

Another option is to tap into RSP savings. This is attractive since the first \$10,000 or so is tax-free, if you have no other income in that year. But the drawback, says financial advisor Cheryl Bauer Hyde of Assante Capital Management in Regina, is that you lose that contribution room forever.

It is also important to keep in mind that a sabbatical could reduce your years on the job, delay pension eligibility, or reduce the amount you set aside for retirement in a defined contribution plan, depending on your own pension plan and employer policies, requiring you to work longer to achieve your desired level of savings.

Another problem can be the risk that being "away" poses to your career.

Robin Dines, 45, a senior vice-president with TD Bank Financial Group in Pickering, ON, has taken two sabbaticals, primarily to be with her children, but also to enjoy travel (including three weeks in Africa building homes for Habitat for Humanity) and pursue courses in art. Her employer supports sabbaticals during which she attended the semi-annual conferences of senior managers and met with human resources officials a few times to stay in the loop.

Alex Bright, 41, a chartered accountant, has a bigger challenge. She was vice-president of fund administration at Mackenzie Financial, which was bought by Investors Group, when she decided to quit to pursue one of her dreams.

She entered the Mount Everest Marathon, in which participants run the 42-kilometre distance near the base camp at 5,334 metres. No small feat for a woman who used to suffer with serious rheumatoid arthritis (it would take her 45 minutes to walk three blocks) before being cured by drug therapy. After a year successfully pursuing her dream of running a marathon - and learning film-making to possibly make a documentary on the marathon - Bright extended her time off to try to scale the mountain

itself. She managed to ascend three of the seven major summits in the world, but failed in the Everest bid after dislocating her arm in training.

Although hers wasn't a sabbatical per se, she too is experiencing the challenges of being away from her career for such a long period.

The two years away has meant some difficulty in preparation for returning to work in the financial services sector, so she has been busy networking, re-reading the Tax Act for changes and even brushing up on new computer programs. She expects to re-enter at a lower salary, but that doesn't disturb her. "I'm totally glad I did it," she says.

Sure there are complications, from ensuring health coverage to subletting your house or apartment, to dealing with the fact that you will probably spend more on your sabbatical than in an ordinary year, but the break can help you to revitalize, nourish your creativity and expand your horizons.

For Tara Tinmouth, her six-month sabbatical spent in Italy, Paris and England was incredible. She noted what caught her curiosity, from art to architecture, and chronicled her thoughts on life and how to regain better balance. She contemplated the stressors in her life and how to mitigate them. And she tackled some of the big questions: "What do I want to be, and where do I want to go?"

"It gave me back some of the energy I had," she says. "It gave me an opportunity to get in touch with what I want in my life and how to deal with it on a day-to-day basis. If you are thinking about taking a sabbatical, that probably means that it's time."

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