

What price would you pay for quality of life?



BARBARA STEWART
Special to QMI Agency

There is something in the air: I have had two existential discussions about the concept of “quality of life” and finances in the last few days with clients, and my social media news feed was filled with people sharing the story of Google CFO, Patrick Pichette.

A Canadian, Patrick

resigned in order to spend more time with his family. As he noted in a personal blog post, lots of executives say that, but seldom mean it. He did: “I could not find a good argument to tell Tamar (his wife) we should wait any longer for us to grab our backpacks and hit the road.”

He is leaving a great job, he’s at the peak of his earning years, and he will walk away from his unvested options. That is the price he’s willing to pay in order to “enjoy a perfectly fine midlife crisis full of bliss and beauty.”

My client who is a sommelier let me know that his winery had restructured and he was out of a job. He wasn’t concerned because he wasn’t enjoying the people

he worked with, and by 60 he had built up a reasonable nest egg. He would try to look for work, but he wasn’t going to get stressed about it.

Some of his recent medical tests weren’t perfect (although not of serious concern) and he started thinking about his time left on the planet. He has a financial plan that includes all of the usual inputs about inflation and rate of return expectations as well as annual spending. He asked me to check over his assumptions and ensure that he wasn’t way off track.

The key variable in any financial plan is lifespan, so I asked him what assumption he was making. He laughed and told me that he expected

to die at precisely 82 years old. He had quite a complex rationale based on genetics, lifestyle, medical results, and so on. But most importantly, that was when his money would run out! He was willing to bet that he wouldn’t live longer than 82 and he planned to die just before spending his last dollar.

“Fair enough,” I thought to myself. “And kind of charming.”

But it is my job to point out the risks to this strategy, which I did, but I knew this fell on deaf ears. My client was willing to pay the price of uncertainty — the risk that he would outlive his cash flow projection — in order to have a certain quality of life.

The same day, a client who

is a telecom expert told me that he had decided to leave the blue chip firm that he worked for. He had sold his own company to them a few years ago for millions of dollars so his financial situation was not an issue.

As with many entrepreneurs, he worked for the challenge and the joy. He had become frustrated by slow decision-making at the big company and it had reached the point where he had started to dread going into the office every morning.

He came to the conclusion that there were more important things in life than working at a place he didn’t enjoy.

He had six ideas for a new business venture and his plan was to take a month to

make a decision to pursue one of them. Once the business plan was in place, he would take three months to travel with his wife and their two kids. The time had come for him to think about the important things in life and for him “quality of life” meant working for himself and spending time with his family.

What price will he pay for his decision? It isn’t monetary, but he’s giving up the stability of working for a large company in exchange for the uncertainty of a start-up.

Quality of life isn’t always paid for with money. It could be in taking on risk, or a blow to your reputation. What price would you pay?