

MIND THE GAP

ADVENTURE CAPITAL

Heading off on a mid-life OE? Good on you, says Finance Editor **Susanna Stuart** – but get your affairs in order first

I received a wonderful email from a friend recently. “We’re packing our bags,” she wrote. “We’re going to spend a year doing our OE like we did in our 20s. India. Europe. Volunteering. We have no plans except to head overseas and see what happens.” She and her husband are in their 50s, their daughters are grown up, and they love to travel.

Gap year used to be a term aimed at young people, and often described that transition zone between full-time study and entry into the workforce. But today, if you counted up the number of people in their late 40s to 50s who are dropping everything and either going on extended journeys or starting off in new directions, you’d have the makings of a significant social trend.

Some are clients of mine. Last month we hosted a UK couple who were facing burn-out in their jobs. Their solution was to take a break from the rat race. They are in their third year of travelling and have no plans to go home any time soon.

There are three main themes behind these plans:

- Late OEsers want to recapture the freedom and magic of those carefree days before the mortgage and career mattered.
- They want to escape the grind and stress of day-to-day life and seek more balance.

- They want to introduce an element of randomness into a previously ordered life – a roll of the dice – and open their minds to new possibilities.

All very exciting. Even so, you can’t really decide to take a gap year without getting some basics in place. My friend who is heading on her second free-wheeling OE is no fool. She and her partner aren’t selling up their assets and heading down some one-way hippie trail. They’ve planned carefully. After all, they may have few cares right now, but they do have responsibilities.

Despite that delicious feeling of dropping everything and heading off on a one-year adventure, there are big differences between Gap Year 1 and Gap Year 2.

You now have responsibilities such as children, elderly parents, career, mortgage and a retirement fund. At 20 you had nothing to lose; at 50 it’s a different ball game and there’s everything to lose.

The gap year may have no script, but you don’t want to burn up all your life’s assets in the process.

But it is the similarities between both gap years I find appealing. As my friends are proving, it doesn’t matter what your age is. Life is still a grand adventure – it just takes a little more planning.

TOOL BOX

BEFORE YOU TAKE OFF, DO THE FOLLOWING:

- Appoint a Power of Attorney, someone who is authorised to handle your affairs back home (or an Enduring Power of Attorney, who will continue to look after your affairs if you become mentally incapable). I recommend you seek advice from a lawyer as to what is appropriate for you.
- If you’re going away for a lengthy period, find out if your existing insurances will still cover you. Travel insurance is essential.
- Prepare a budget. Save up for the trip. Set limits on spending and allow for the silent travel budget killer: currency fluctuations.
- If you want to lock in an exchange rate, you can pre-load a National Bank travel card in Australian dollars, US dollars, pounds sterling or Euro. Westpac has a travel card you can pre-load with a set amount, which helps you to stick to your spending limit.
- Notify your insurance company if you are renting out your house. A good property manager is invaluable.
- Set up direct debits to pay bills. Have somebody clear your post and deal with any bills you may have forgotten.
- Minimise credit card balances.
- Think about taking a laptop. Scam alert – never use public machines in internet cafes for your online banking.
- Pay your dues at the IRD before you go. If you will be overseas for more than three months you’ll need to give them a contact address and if you work while away your income may be taxed in New Zealand depending on how long you’re away. Visit www.ird.govt.nz.

THE **GAP YEAR** MAY HAVE NO SCRIPT, BUT YOU DON’T WANT TO **BURN UP** YOUR LIFE’S ASSETS

HAVE YOU HEARD?

It’s been a while coming but *Money Never Sleeps*, Oliver Stone’s sequel to his 1987 banker drama *Wall Street*, hits our screens in September. If you prefer a doco, look out for *Inside Job* at the upcoming film festivals. It investigates the global economic crisis – and shows no mercy on the architects of this disaster.