

Downshifting in Australia

Clive Hamilton and Elizabeth Mail © 2002

Getting A Life: Understanding the Downshifting Phenomena in Australia;

Christie Breakspear and Clive Hamilton © 2004

Hamilton and co-authors have conducted one of the most detailed examinations of Australians who voluntarily make a long term trade-off between income and lifestyle

Their first report summarises findings from a specially commissioned Newspoll survey of about 1000, 30-59 year olds, 23% of which identified themselves as “downshifter⁽¹⁾”. The second report extends the research further through focus group studies and 20 in-depth interviews, including with senior managers, lawyers, accountants and bankers

Anyone contemplating making their own (Sea) change can learn from and seek motivation from others who have gone before them. Downshifting isn't for everyone and there does seem to be a strong case for proper financial planning (the majority said they missed the money)

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1. First use of term “downshifting” attributed to Gerald Celente in 1994, NY Trends Research Institute although notion of simple living can be traced back to early religions and more recently, Thoreau’s 1854 Walden Pond commentary

Who, how, why, reflections

Who (and how many) downshifted?

Downshifter identified by survey which excluded retirees and filtered out others will non-downshifting motives

Suggests 23% of Australians have shifted

- Men 25% slightly more than women 21%
- 21/26/23% for age bands 30s/40s/50s (UK 27% of 30-39's)
- 25% of those still living in cities, vs 21% outside of a city
- Same for those w/ or w/o children (excl. those temporarily looking after children)
- Same white collar vs. blue collar

Study did not delve more deeply into career types, however in line with overall results, this would appear a widely dispersed phenomena

981 Australian, aged 30-59

“In the last 10 yrs, have you *voluntarily* made a *long-term* change in your lifestyle, other than planned retirement, which has resulted in you *earning less money*?”

↓ 30%

- excl. started own business
- excl. going back to study
- excl. refused a promotion
- excl. time off to look after a baby
- excl. for “more financial independence”

↓

23 % “downshifter”

(vs. 25% UK 2003, 19% USA 1998)

(further subsets “Sea changers” (who move) and “Voluntary Simplifiers (radical change)

Who, how, why, reflections

How did people transition?

Reducing working hours was the most common way for people to downshift

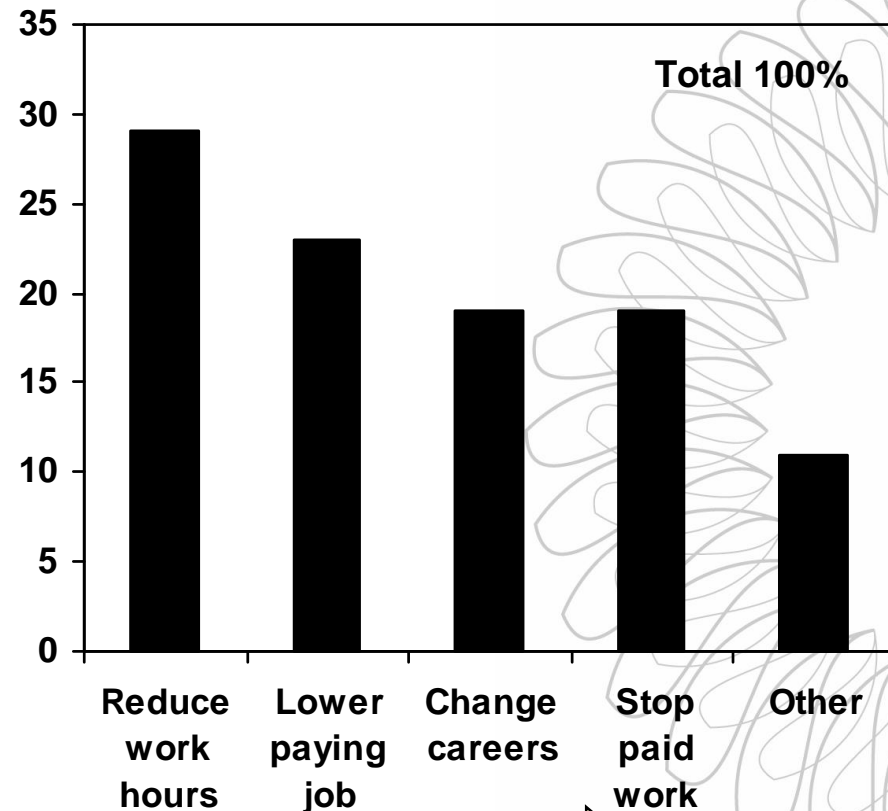
- Women esp. did so (32% vs 26% for men)
- Those without children are most likely to have changed careers

Recent downshifter mainly reduced work hours or changed jobs, but those who shifted 5-10 yrs ago did via career change (likely reflecting less flexible work arrangements then)

After both reducing work hours, white collar workers likely to have changed careers vs. blue collar workers who just stopped working

Higher, post-downshift income earners were those who reduced work hours. Lowest income earners were mostly those who stopped work

Americans more likely to take lower paying job 22% vs. reduce work hours 12%, while in the UK 30% stop work (higher than Australia)



Greater change
Less post-shift income

Who, how, why, reflections

Why did people downshift?

Most downshifted to have more time with family

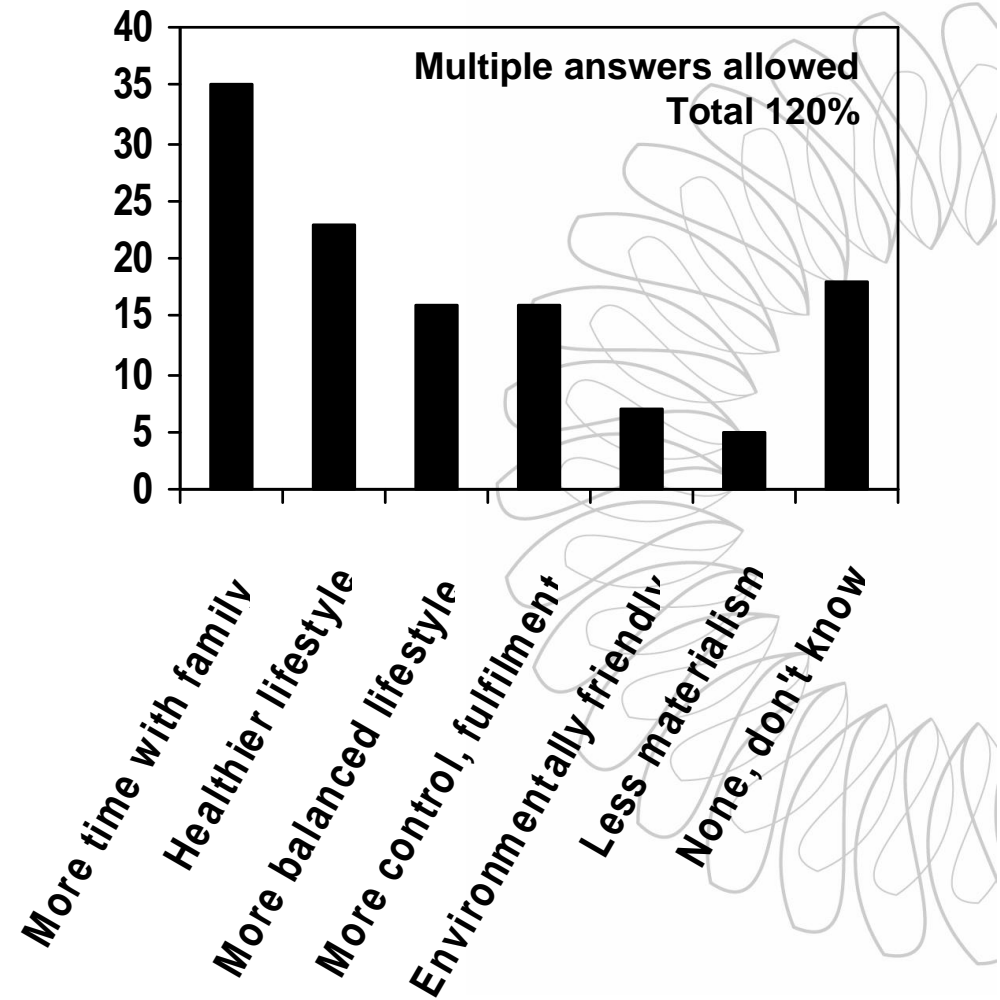
- Younger downshifters more so than older
- Women 42% slightly more than men 28%
- Healthier and more balanced lifestyle bigger driver for those downshifters living w/o children

Serious health scares for some is a trigger

- Most nominating healthier lifestyle (and time with family) had lower post-shifting income; suggesting a less financially planned shift

Contrary to popular literature, few motivated by environmental and “post-materialist” values (18% for those w/o children vs. 6% for those with, 14% higher post-shift income vs. 11% lowest)

Australians stress family time more than Americans who emphasize personal goals. In UK, time with family was the dominant rationale (lower 11-16% for balanced, healthier or better controlled lifestyle)



Who, how, why, reflections

Reflections on those that transitioned?

89% were happy after downshifting

- But 55-61% missed the extra income and 17-26% very much did (range is from unknown extent to which unhappiness driven by \$ loss)

Those not missing \$ were mostly those who currently have no children (42% vs 25%)

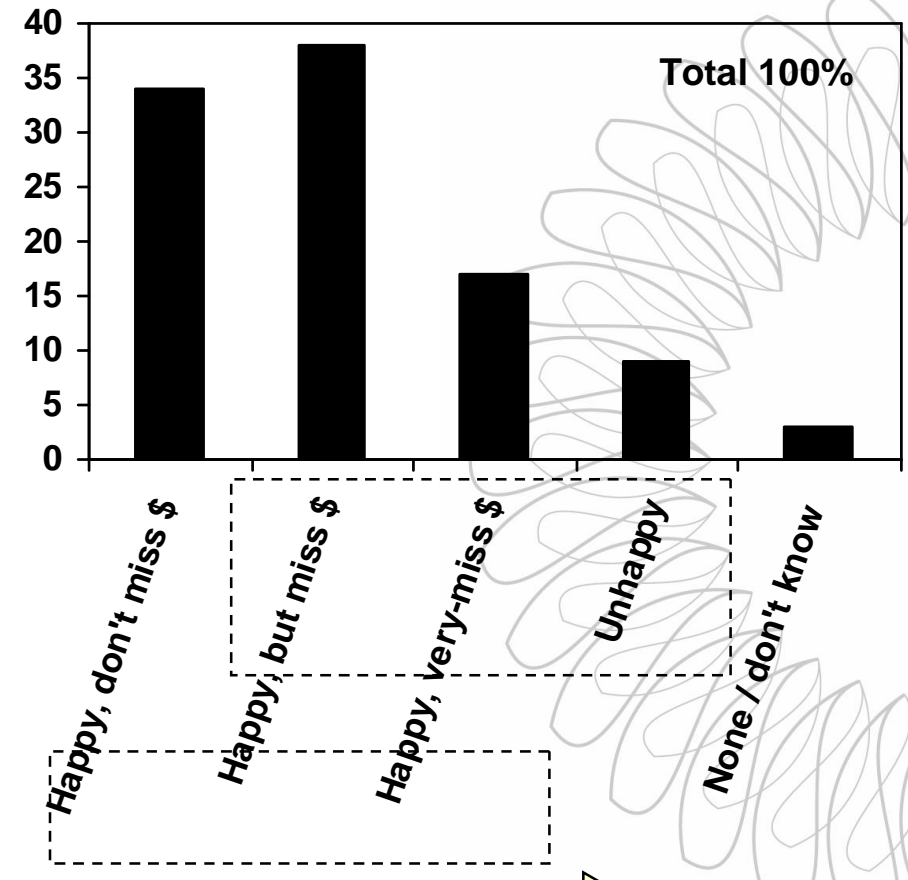
Extent of unhappiness highest in those not working (14%), less with pt-workers and least with full-time workers (5%); conversely, full-time workers more likely to be happy/miss-\$ than p.t.

Those who switched careers more happy than those who stopped work, though 80% of those who stopped work are happy

UK and Australians more happy with change than Americans (% unhappy 5%, 7%, 15% respectively)

Later UK study (Hamilton 2003) also queried loss of income before and after transition

- Average 40%, but roughly equal 20% spread for <10, 10-20, 20-40, 40-60, 60-100%



Less happy / miss \$ more

Further interview findings (I)

Fear and anxiety, especially about financial security discourage people from changing

- **Some see downshifting as a selfish act (incl. one's parents), while others point out neglecting family via a work-centered life could be more selfish**

Half of interviewees had enough of the stress of trying to juggle competing demands

Many felt clashes between personal and workplace values (ie. managerial pressures, unbridled profit seeking) or worn out by corporate change (eg. waves of "right sizing")

- **eg. professionals leaving jobs in law, banking and business for not for profit**

Some left after a slow realisation that their current lifestyle wasn't creating a fulfilling life, while others downshifted more quickly following ill health (eg. stress, heart failure, cancer)

Nearly all experienced large drops in incomes, often 25-50% and adopted different approach to spending and money.

- **They shop and eat out less, eschew status symbols and give up overseas holidays (although some point out they save on expensive work clothes)**
- **They have concerns about their financial situation, incl. retirement funding, but their new changed attitude mitigates these concerns (a future problem perhaps?)**

Many report it takes time to habituate themselves to a slower pace and report missing workplace social interactions. Some seek substitutes in new jobs and community activities

Further interview findings (II)

Others close to downshifters react either by surprise or envy to their decision

- Some told they are mad to give up opulent lifestyles, abandon promising careers and subject themselves to financial risk (*esp. from those other suffering “Deferred Happiness Syndrome”, ie. those who persist unhappily in stressful occupations hoping to later live life more happily*). Downshifters suffer a loss of status. Some friends drift away. Others are envious and say they have been “inspired”

Benefits cited are a new sense of personal freedom and rediscovery of the joy of living

Downshifters would not recommend their decision to everyone, believing that one has to be fully ready for the change

- They feel they are not dropping out of society but living in society in a new way
- The 20 interviewees mostly exchanged high-pressure positions in the professions, business or public service for lower paying jobs in the non-profit sector (and some started their own businesses)

The first report also contains six detailed case studies, including:

- Gail and Hugh, 50s ex-dual income, post-kids professionals, who became organic farmers following boredom at work and a health scare. They sometimes miss the status but enjoy good health
- Alex and Jane, mid-40s, Alex then a 60 hr/wk, 150-200 days/yr corporate traveller, now earning 60% of previous income through consulting. Live in a smaller house, but near the beach. Enjoys new lifestyle
- “Nick” a 27 yr old finance markets professional who following a few work-driven relationship breakups, went overseas and now works in an NGO. He is more fulfilled, but misses financial security

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