South African Payroll Association
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Job hopping yourself into financial security

There used to be a stigma attached to those who hop from job to job, raising their salaries and expectations along with their restless move from organisation to organisation. Considered flighty and a risk to the company, job hoppers were perceived as less reliable than those who set down roots and reputation.

However, the millennial generation sees job hopping as leaping towards new opportunities, and research is showing that they aren't "flaky escapees", but stronger recruits because of this trend. Still, whether flaky and fanciable or building a serious career trajectory, job hoppers of any age should keep their financial future and security top of mind.

"Job hopping can be a double-edged sword and it is important to consider factors such as UIF, savings and pension as you move," advises Arlene Leggat, Director, South African Payroll Association.

UIF stands for the Unemployment Insurance Fund and it is an emergency savings account designed to support individuals when they are between jobs and battling to find work. If job hoppers tap into these funds while they look for the next big thing, then they are running the risk of not having a safety net in times of real hardship.

"UIF works on a credit basis," adds Leggat. "The more you contribute, the more credits you build. If you are unemployed you can claim those credits, but ideally you should save them for a real emergency."

A professional stance

It is also worth remembering that many organisations still work on a 'last in, first out' policy when times are tough and retrenchments are in the pipeline. Job hoppers are more likely to be in the firing line and their short time at the company will mean a small severance pay and financial risk.

"Another consideration is your pension," says Leggat. "If you take out one third of your pension every time you leave a job, that's money you are lopping off your retirement package. Many of the younger generation of job hoppers don't think about this and it is important. Keep that that money sitting there and growing until you hit retirement age rather than spending it on a new car when you change jobs."

To ensure your pension remains stable, never take the funds out when moving company unless you absolutely must. Then open a preservation fund that can move with you – transfer your pension from one company policy to the next, but use the interest gained in the preservation fund to bolster it.

Leggat also advises that you have at least six months of salary put aside before job hopping. If you are retrenched with one week's salary, you will then have something substantial to support you. She also recommends putting a percentage of your salary into a savings fund each month.

“It doesn’t have to be a massive amount, around 7-10% of your gross income,” she concludes. “You then have a nest egg to keep you going when times get tough. Rather follow this strategy than tap into your pension or UIF as those funds are vital for your long-term financial security.”

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