

Recession Proofing My Tech Career

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Hard Assumptions

- Recession will happen in the next 6-24 months
- Will hurt technology startup professionals which depend on VC money directly as pay cheques

Best Suited

- You work in a tech career e.g. engineers, product managers, designers
- Are 2-7 years out of college, probably don't have kids
- Living in Indian Tier 1 or 2 city like Bangalore, Delhi, Bombay, Jaipur

Prerequisite Mindset

- You can do this. And you do not need to rely on some CA or a relative or your father
- Do your homework. Kill your gut instinct with mounds of calculations before deciding
- You are a fracking adult. Overcome your fear and learn a bit of Excel magic
- Don't expect early wins. Early win is you not being homeless

Three to Takeaway

30-40-50 rule

- Pay less than 30% of your income in rent and recurring expenses
- Spend less than 40% of your income in all expenses, other than rent and healthcare
- Save 50% or more of your post-tax income in long term investments

Spending

- **Get to [Default Alive](#)** is good advice for people and startups
- Pay off any personal debt like credit card debt
- Spend on "owned" entertainment i.e. downloaded movies or music which you can see >> Netflix/Spotify
- If you have kids, pay off their school/tutoring fees upfront and negotiate a discount
- If you have high living expenses e.g. clothes, dining out, gauche groceries - please stop ordering free-delivery-but-expensive food from Swiggy/Zomato!
- Read blogs like [FIRE](#) focussed blogs like MoneyMustache. They've been [prepping for a recession](#) since 2017

Money Box

Health & Family

- Buy health insurance, life insurance - term insurance. Never [ULIPs](#)
- Buy accident and personal insurance please.
- Get your health check up done regularly - prevention is cheaper than curing
- If you're delaying "going to the gym" or therapy - **do it** now. You might not be able to afford it later. Buy your Gym/Fitness class subscription long term

Invest

- At least 50% of your Income for long term
- Keep 6 months of your expense rate, in a Liquid Fund. Not cash.
- Cash in your savings account is bad. FD/RDs are worse - you're losing money to inflation and taxes
 - If you are in the 30% tax bracket, you need to invest in an FD offering at least 10% to get a positive inflation adjusted return.
 - No FD gives a 10% return, you just lose 2-4% every year.
- *Don't try to time the dip - that is [how at least 2 lakh people lost money in India](#)
- Even [God cannot beat DCA](#) i.e. SIPs win over lump sum, **always**
- ***Automate** and schedule everything you can - your savings via **SIPs**

Mutual Funds

- Beware of the fees - invest in direct MFs (*NOT Regular*) via a discount brokerage like [Zerodha](#)
- Opinion: [Exchange Traded Funds](#) > Direct MFs
- **Gold ETFs > Physical Gold**; Gold can be a [golden investment in a recession](#)
- Understand terms like debt, liquid, equity and durations like ultra short to long term

Money Box: Bonuses

- Make sure your spouse, parents and grandparents don't prey fall to opportunistic vultures. Or are doing something egregious like investing in regular MFs, trying to time the DIP. Please get over yourself and [talk money](#) with them.
 - If you need a safety net, they need to. Don't let them accidentally destroy their safety nets.

Career Safety Net

- Read your employment contract for details e.g.
 - How much notice period do you have?
 - If you are fired on the spot, can the company delay salary?
 - Do you have a non-compete?
 - How were the people who left recently treated?
 - Reminder: Your ESOPs are [not worth](#) anything
- Build some **Network Capital**
 - [Keep in touch, Deepen your connect, reach out](#). Start meeting folks outside your usual network
 - Think of how you can act like a consultant. Side money and wider network
- Build some **Career Capital**
 - Brand yourself as an authority figure in some areas. Compulsory Reading: [Do not end the week with nothing](#)
 - Understand [what happens if your job is automated en masse?](#)
- In a recession you have 3 full time jobs:
 - Your day job, managing your finances unemotionally, figuring out [where to go](#)

Want more? Paranoid?

- Figure out your monthly expense, instead of 6x'ing it, 12x it
- Pay off your house rent in advance, negotiate to get a discount that way
- Meditate. Lose your mind, lose your money. Begin with Headspace or Calm.
- Keep this split across at least 2 banks in India - 1 private like ICICI, one PSU like SBI, keep about 2 month runway in cash.
- Get a bank account without a debit card, and only cheque option to withdraw

Off the Record

Sometimes the best move is to not play the game at all.

For example, getting out of the country, even within the same country: moving from Bengaluru to [Varkala](#) can be a huge income saver for most techies,

You can also pause the "society" game to win: go into monk mode instead of going after girls, delay your arrange wedding, if married - delay kids by a year or two, etc.

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