

by [Sarah Butcher](#) 16 January 2014



with **Karin Peeters, Life & Career Coach**

Bankers in the City of London are trying to curtail their spending to avoid the investment banking income trap which makes it impossible to quit the City and start a career in any other industry.

“People in banking are realistic,” says Linda Jackson, co-founder and managing director of coaching firm 10-Eighty and a long-term adviser to financial services professionals. “They know that they won’t make as much money doing anything else and that becomes a problem. A lot of people say they’d love to work outside the City, but they also say that they need to make at least £250k a year to cover their costs.”

The average house in London now costs £441k. When school fees and pensions savings are factored in, some bankers complain that it’s difficult to [live on less than £500k](#). For many, Jackson says the £250k is an absolute minimum. “They’ve looked at their expenditures and decided that when unnecessary items are taken out, that’s what they can cut back to.”

Unfortunately, the average UK salary is just £27k, an amount that some bankers in risk-taking and managerial roles are able to [earn in five days or less](#). As a result, Jackson it’s almost impossible for many senior financial services professionals to escape the City – no matter how much they’d like to. It doesn’t help that many are divorced. “It seems that I’ve seen more people splitting up,” Jackson says. “People who previously thought they had enough to retire on are now realizing they’ll have to split their pensions 50:50. This just creates an added pressure to keep earning.”

Rise of the frugal financier

While some financial services professionals are casting around for jobs which will continue to meet their high spending commitments, Jackson says a new breed of low-spending financier is on the rise.

“I’m starting to see a lot more bankers in their 40s who’ve seen colleagues disappear overnight and realized that they need to be realistic about their spending. They don’t have flash cars. They haven’t private educated their children, and they haven’t given them inflated expectations of what they want from life,” she says.

Ten years ago, Jackson says she encountered a senior banker who said he’d like to leave the City but couldn’t conceive of doing so because it would mean he’d have to tell his daughter to turn right on a plane. “There’s a lot less of that now,” she says.

The fear trap

Karin Peeters, a life coach who works with financial services professionals, says fear is too often the motivation for seeking a new job in the City – particularly when someone has been made redundant. “People often have fears that they will never be employed again, or that they will never make money again. They tend to be exaggerated and people will make decisions based upon them, even though they know that instinctively it is not the right thing for them to do.”

Instead of making career decisions inspired by fearfulness, Peeters advises people to take a step back, to acknowledge their fears, and to recognize past failings in their decision making processes which have led them to situations they regret.

Jackson says many people in banking do this, but find their decisions tempered by financial pragmatism. "They'll often say that they need to keep earning good money for another five years."

Non-banking jobs known to pay more than £250k

Joint-chief executive of Hammersmith and Fulham Council: **£267k**

Some senior consultants in the NHS who work a lot of overtime: **£250k+**

Top comedian: Jimmy Carr reportedly earns **£3m a year**.

Partner at a Big Four accounting firm: **£705k+ PWC, £713k at KPMG**

Partner at a Magic Circle law firm: **£1m-£2m**