



Salary and Benefits

Components of Salary and Benefits

When evaluating job offers, do not look at salary as your only basis for comparison. Compensation is made up of much more than simply base salary. For example, many employers offer commission or additional incentive pay for a job well done. Employers might also offer a signing bonus or reimbursement for relocation costs. In addition to the combined forms of financial compensation, you will want to consider the benefits given for the job. Benefits may include health insurance, dental insurance, retirement benefits (i.e., 401K), profit sharing, life insurance, short- and long-term disability insurance, and paid time off. You will also want to evaluate job conditions, advancement opportunities, and the company itself.

Ask yourself: Can I easily commute to the workplace? Will the job in this particular organization allow adequate time for my hobbies and outside interests? If I decide to relocate, do I like the lifestyle the company's location offers? What is the company's dress code? How many hours per week am I expected to work?

Research Salary Information

Websites

<http://www.indeed.com/salary>

<http://www.homefair.com/real-estate/salary-calculator.asp?cc=1>

<http://www.bls.gov/bls/wages.htm>

<http://jobstar.org/tools/salary/sal-prof.htm>

<http://www.salary.com/>

<http://www.salaryexpert.com/>

<http://careerinfonet.org/>

<http://www.payscale.com/>

<http://www.bestplaces.net/>

Books

Negotiating Your Salary: How To Make \$1000 a Minute, by Jack Chapman

Secrets of Power Salary Negotiations, by Roger Dawson

Get More Money on Your Next Job....In Any Economy, by Lee Miller

A Woman's Guide to Successful Negotiating: How to Convince, Collaborate, & Create Your Way to Agreement, by Lee and Jessica Miller

Perfect Phrases for Negotiating Salary & Job Offers, by Matthew DeLuca

Get Paid What You're Worth, by Robin Pinkley and Gregory Northcraft

Women Don't Ask, by Linda Babcock

Next Steps

Once you have found relevant salary data, look at the data with a critical eye. Salaries for similar jobs can vary because of differences in geographic location, size of employer, industry, and years of experience. Another factor to keep in mind is that many salary surveys report "average" salaries for that position. Take your level of experience into consideration when looking at these average salaries. People with little or no experience are typically paid lower than the average going rate for that job.

Other Questions to Consider:

- What organizations are included in this data?
- Are they high-paying, large employers or lower paying, smaller firms or non-profit organizations?
- How many organizations are included in the data?
- Does the data represent salaries from several organizations or from only a few sources? (If the data is only from a few sources, it might not be a true reflection of the actual market).

- Finally, how recent is this data? (Even data from a year ago can be out of date. Salaries generally tend to increase from year to year, but sometimes salaries decrease, especially when there is an oversupply of workers or in times of economic uncertainty. The more current the data, the better).

Negotiating Tips

- Find out when your benefits begin. New employees sometimes have to wait between one and three months before their benefits become active.
- When negotiating salary, let the employer be the first to mention pay. If the employer asks you to name a figure before you have received an offer, politely state something like: "If I am right for the position and the position is right for me, I am confident we can find a figure that satisfies both of us." Once you receive a written offer, it is always better for you to discuss your salary *range* instead of a specific number. However, be cautious of getting locked into a salary range that will price you too high or too low for the position. That is why researching beforehand is so crucial.
- Be enthusiastic and professional during negotiations. A take-it-or-leave-it attitude negates the feeling that you are a team player. Instead, encourage the impression that you are on the same side and working for a solution that will help you both come out winners. When you negotiate for a higher salary, tell them why you are worth the higher figure! Compare your experiences, qualifications, and skills to the job description, and articulate how you exceed what they are looking for. Highlight your unique skills, specific accomplishments, and/or the revenue you will help generate.
- Get ALL aspects of the job offer in writing!!!
- Don't say yes right away. Be enthusiastic and appreciative when you get the job offer, and ask for time to respond. Find out when they want a final decision. If you feel the salary is not sufficient, express your concern to the employer when asking for time to consider the offer. You'll find out right away whether the quoted salary is set in stone or flexible.
- In some career categories, negotiation is a no-no for undergraduate students seeking employment. Some jobs start at a pre-determined salary level. If you are unsure of the policy, it is permissible to ask, "Is this offer negotiable?"
- If the salary offer is fair and/or the salary is not negotiable, consider negotiating other benefits: vacation time, telecommuting, stock options, bonuses, etc. Think about requesting an earlier performance review so your next salary discussion can happen sooner rather than later.
- When accepting a job offer, make sure you have a thorough grasp of the job duties. Think about whether or not the job serves your career objectives.
- If you are replacing someone, you may want to find out why the other person left. Was this person fired? Promoted? Did she or he quit after an altercation? If these questions make the employer uneasy, this could indicate a red flag.
- Be cautious about accepting a job that does not provide benefits such as health and dental insurance. It is probably wiser to select a lower paying job that provides a solid benefit package over a slightly higher paying job with no benefits. Health insurance and other benefits are very expensive if you have to purchase them on your own. Expenses become even higher if you suddenly need health insurance because of illness or injury but have no coverage.
- Consider the hours per week that will be required for the job. For example, if a job requires 60 hours of work per week and no overtime pay, a salary of \$30,000 per year actually breaks down to only \$9.61 per hour!
- Salaries are generally considered to be confidential. In most organizations, access to salary information is restricted. Discussing your salary with co-workers can create problems (such as frustration because of perceived inequities in salary), so be cautious of when and with whom you share your salary information.
- Although salaries are confidential in most private organizations, the Public Records Act requires public organizations (such as city, county, state and federal government agencies) to make their salary information available to the public. To find this information, check with the specific public organization. Many public organizations post their salary data on their web sites.
- Lastly, published salary data provides a guideline for negotiating salaries, but it is not a guarantee that you will be paid a certain figure. Organizations differ on their pay practices. Pay for similar jobs may vary because of differences in geographic location, size of employer, industry, and years of experience.

Terms to Know About Salary and Benefits Before the Interview:

Compensation – The money, tangible services, and benefits that an employee receives as part of an employment relationship.

Co-Pay – A payment for medical services in addition to group health insurance (*i.e.*, HMO) membership fees. For example, an insured person might pay a co-pay of \$10 for a doctor visit regardless of the expense incurred for the visit.

Deductible – The dollar amount the employee must pay before the insurance company will pay a portion of claims. Lower cost plans typically have higher deductibles.

Exempt Employee – According to the FLSA (Fair Labor Standards Act), any employee who is not legally required to receive overtime pay. Exempt employees typically include most executives, professionals, and outside sales representatives. A “salaried” employee is not necessarily an exempt employee. An employee can be paid on a salaried instead of hourly basis but be classified as “nonexempt.”

HMO (Health Maintenance Organization) – A type of health insurance plan that holds down costs by requiring consumers to choose a doctor from an approved list. The selected doctor then oversees all medical care.

Incentive Pay – Bonuses or other additional financial compensation. Incentives are tied to short-term or long-term performance and are based upon individual and/or group performance.

Indemnity Plan – A type of health insurance plan that does not require the use of an approved physician. Employees may choose their own physician and do not choose from an approved list. These plans are typically more expensive.

Monthly Premium – The monthly fee for insurance plan coverage (*i.e.* health or dental insurance). Employers and employees usually share this cost.

Nonexempt Employee – According to the FLSA (Fair Labor Standards Act), any employee who is legally required to receive overtime pay.

PPO (Preferred Provider Organization) – A type of health insurance plan that is similar to an HMO. Employees still choose a primary doctor, but they can also see doctors who are not on the approved list. However, seeing doctors who are not on the list costs the employee more money.

Profit Sharing Plan – Organizational profits awarded to employees in the form of cash or stock shares. These plans are used because a reward that is directly tied to organizational profitability tends to motivate employees.

Salary Range – Formally established pay limits for a specific job. Ranges usually include a minimum salary and a maximum salary. Employees progress from the bottom to the top of the salary range through time and through improved performance. The range maximum puts a limit on how much an employer will pay for a job. Entry-level workers with little or no experience are usually paid close to or at the minimum of the salary range.

Title VII of the Civil Rights Act of 1964 – A piece of legislation prohibiting employer discrimination based upon race, color, religion, sex, pregnancy, or national origin. Title VII prohibits employer discrimination regarding hiring, firing, promotion, transfer, compensation, and training.

401K Plan – A retirement plan that allows employees to contribute pretax dollars to a company investment vehicle. Employers typically match some portion of employee contributions. The final benefit is unknown, as it depends upon the success of the investment.

CAREER SERVICES • UNIVERSITY OF COLORADO BOULDER

Center for Community, N352 UCB 133 2249 Willard Loop Drive Boulder, CO 80309-0133

Phone 303-492-6541 FAX 303-492-5723 <http://careerservices.colorado.edu>

Additional guides available at: <http://careerservices.colorado.edu/students/MajorCareerInfo.aspx>