



Comparing Employer Benefit Packages

When you are comparing job offers, you want to compare the total values of your benefit packages, not just the salaries - **Following is an example for a Marketing Coordinator**

Benefit figures & cost of living come from: salary.com

Use salary.com to see average salaries & benefits for a variety of positions, as well as cost of living comparisons

	Lincoln	Kansas City	Chicago
Base Salary	\$44,051	\$49,949	\$53,795
Bonuses	\$504	\$571	\$615
Social Security	\$3,408	\$3,865	\$4,162
401K	\$1,604	\$1,819	\$1,959
Disability	\$401	\$455	\$490
Healthcare	\$6,592	\$6,592	\$6,592
Time Off	\$5,484	\$6,219	\$6,697
Total	\$62,044	\$69,470	\$74,310

Social Security

Your Social Security will be 7.65% of your salary

Your employer contributes to your Social Security Benefits, which include:

- Disability income insurance
- Survivors benefits (life insurance)
- Medicare (medical insurance at age 65)
- Retirement benefits (as early as age 62)

401K

Your 401K number will be whatever percentage of your salary your employer will put in if you put in a certain percentage of your salary

401(k)s are ways to save for your retirement that employers provide. 401(k)s are typically made up of mutual funds, which are collections of investments - stocks, bonds, and cash. A 401(k) represents a way to reduce your taxable income since contributions come out of your pay before taxes are withheld. The more money you can put in when you're young, the more you'll have when you retire due to compound interest.

Questions to Ask:

- What is the amount contributed by the employer
- When does the employee have ownership of the employer's contributions
- What are the limits for employee contributions
- How soon can an employee begin participating in the retirement plan

Remember Cost of Living: The amount of money needed to sustain a certain level of living, including basic expenses such as housing, food, taxes, and healthcare. Cost of living is often used when comparing how expensive it is to live in one city versus another. Cost of living can be a significant factor in personal wealth accumulation because a smaller salary can go further in a city where it doesn't cost a lot to get by, while a large salary can seem insufficient in an expensive city.

To maintain the same standard of living you would have in Lincoln, in Kansas City, the cost of living is 4.7% lower, so you would have to make \$41,980, in Chicago, the cost of living is 26% higher, so you would have to make \$55,486

Disability

Your employer will tell you how much they will contribute to your disability insurance

The younger you are, the more important optional disability insurance will be. The possibility you will become disabled and unable to work is much higher than dying for young people.

Questions to Ask:

- What is the definition of disability
- What is the amount of benefits (typically 50-75% of salary)
- When do benefits begin
- How long will benefits be paid

Healthcare

Your employer will tell you how much they will contribute to healthcare

Nearly everyone needs health insurance. The only exception is if you qualify for other health coverage through another person.

Questions to Ask:

- What type of plan is being offered and how that plan works
 - What is covered & not covered AND Who is covered
 - When does coverage start
 - What does the employee pay including premium & deductible
 - Which health care providers participate in the plan
- Employers may also offer vision or dental insurance. Compare the cost and benefits with others in the market.

Time Off

Your Time Off =
Take gross salary / 260 days
\$44,000 = \$169 per day
x number of days of vacation, paid time off, etc.

Other Benefits

Flexible Spending Accounts & Health Savings Accounts

Money put into a flexible spending account is pre-tax income but must be used for qualifying health care expenses within the time period set by the employer (typically a calendar year).

A health savings account (HSA) is often associated with high deductible health insurance - insurance that requires YOU to pay a large out-of-pocket amount. HSA limits are typically a minimum of \$1,100 per person or \$2,200 per family. HSA money usually doesn't have a time limit for use. Contributions are tax deductible and earnings grow tax free.

By contributing to an FSA to cover expenses you would have paid for anyway, you reduce your gross taxable income by that amount, which in turn lowers your tax bill. For example, say you earn \$35,000 a year and are in the 25 percent marginal tax rate. You decide to put \$1,000 in the Health Care FSA and \$3,000 in the Dependent Care FSA. This would lower your gross income by \$4,000 and in turn reduce your taxes by \$1,000. That's \$1,000 that stays in your pocket instead of going to Uncle Sam.

Life Insurance

Life insurance offered through an employer is typically term insurance with premiums for employees paid in full. Employers may provide some life insurance at no cost with the option to buy more.

The goal of life insurance is to provide financial security for your family after you die. If you do not have people dependent on you, it is probably not necessary to purchase additional life insurance.