



## Responding to Salary Offers

Before you start interviewing for jobs, you'll want to determine a ballpark salary that employers will likely offer you. Numerous factors need to be considered when making this determination, including the type of employers (e.g., government, corporate, nonprofit) you'll be targeting during your search as well as your specific qualifications. This tip sheet outlines the basic process for conducting salary research, addresses the common requests that employers make during the salary negotiation process, and lists helpful resources that are geared toward recent college graduates.

## Conducting Salary Research

The basic process for determining what someone with your skill set should be paid entails determining how your qualifications compare to the other candidates who are seeking the same type of position. Key questions to consider include ones like the following:

- What is the average starting salary for a bachelor's level graduate working in that position?
- Do you meet a few, most, or all of the qualifications stated in the job posting?
- Do you have additional experience or skills that you know are in demand by employers within that industry?

Having the above information will allow you to establish a realistic salary range for you to start the negotiation process with. Given the complexity of negotiating a salary offer with an employer, you are strongly encouraged to review the following video tutorials before picking up the phone to discuss why you think your qualifications justify a higher salary. There is some overlap in content between the videos, but each covers key steps in the negotiation process including how to determine your value to the employer and when to discuss salary during the interview process.

<http://www.youtube.com/watch?v=Aw7YloMkcNw>  
(source: SoaringCareer)

<https://youtu.be/bF13pMikpE8>  
(source: UABcareervideos)

And, yes, when requesting a higher salary you should have that conversation over the phone, in person, or via Skype! Employers frown upon candidates who expect to carry out such negotiations via email.

## How to Handle a Request for Your Salary History\*

When an employer requests a salary history, many job seekers find themselves at a loss. You don't want to price yourself out of a job, but you don't want the employer to offer less than the going rate for the position.

So what's the right answer?

- Don't include your pay/salary history on your resume. Instead, handle the request at the end of your cover letter. First, highlight your skills, experience, and interest in the position—information that will allow them to rate you in comparison to other candidates. Then, respond to the question without giving a specific amount, and shift the focus to what you would expect to be paid in that position versus what you are currently earning. Example: "Based on my research into average salaries for business analysts, I'm looking for a starting salary in the range of \$38,000-41,000 but this is negotiable. I'd be happy to discuss a specific salary when we get further along in our conversations about this opportunity." (Resources for determining salary ranges are listed at the end of this tip sheet.)
- Be prepared to respond to a question about your pay history during an interview by creating a list of your positions in reverse chronological order. For each entry include the name of the company, your title, and data on your starting wage/salary and ending wage/salary. Having this information in one file will also make it easier when completing online applications which typically include wage and salary fields.
- Don't lie about your salary history. Employers may verify salary history through reference checks.

Salary requests are difficult for all job searchers to handle, not just new college grads. The key is to shift the focus, politely but firmly, from what you made in the past to competitive compensation for the position you want. Keep in mind that salary makes up only one part of your compensation package. The other part consists of employer provided benefits. You may be willing to accept a lower salary if an employer provides benefits not offered by other employers in your comparison group. The following section provides an overview of benefits commonly offered by employers.

\*Courtesy of the National Association of Colleges and Employers.

## Benefits Count\*

As you look for your first job, you're probably not thinking about becoming ill, retiring, or looking for tax breaks. However, you should consider benefits to be an important part of your compensation package. According to the most recent survey of new college graduates, the top benefits desired by new hires include medical insurance and such "core" financial benefits as salary increases, tuition reimbursement, and a 401 (k) company match. Benefits that deliver more immediate satisfaction, such as family-friendly benefits, more than two weeks of vacation, and flextime are increasingly important. A good benefits package can add as much as 30 percent to your overall compensation and may make a huge difference in your work/life quality! Here is information about some commonly offered benefits:

**Health Insurance:** This is an important benefit for three financial reasons:

1. Even if you have to pay for all or part of the coverage, it's cheaper to get insurance through an employer at group rates than to purchase it on your own.
2. Health insurance is comparable to nontaxable income—providing health insurance could cost your employer upwards of \$4,000 per year per employee—and you don't pay tax on it. If you were to purchase health insurance, it might take more than \$5,000 per year out of your pocket—after taxes.
3. The third advantage, of course, is, if you get sick or have a surfing (or horseback riding or bungee-jumping) accident, your medical treatment is paid for (in part or in full, depending on your policy).

**Annual Salary Increases:** More money? Of course that's a good thing. In recent years, some employers have frozen salaries—not given any raises—or given minimal, 1.4 percent raises. According to Aon Hewitt's annual U.S. Salary Increase Survey, average salary increases over the past couple of years ranged up to about 4 percent. If you earn \$44,500, a 4 percent raise will increase your income by \$1,777.

**Tuition Reimbursement:** One way to get ahead in your career is to continue learning—keep up with the latest trends in your profession. In this case, your employer pays all or a portion of your tuition costs for classes related to the business of the company. In some cases, employers reimburse for nonbusiness-related classes and for supplies such as books.

**401(k) Plan:** A 401(k) is a retirement plan that allows you to put a percentage of your gross (pre-tax) income into a trust fund or other qualified investment fund. In many cases, employers will match your contribution up to a certain percentage—this is "free" money that can add to your overall compensation package. Why is this important to you since retirement is still 30 or 40 years away? According to The Motley Fool, a multimedia financial-services company, someone saving \$5,000 a year beginning at age 25 will have \$787,176 at age 65 (assuming an 11 percent annual return on savings). Waiting until age 35 cuts your investment earnings in half, to a total of \$364,615. Wait until age 45 to start your retirement fund and you'll have only \$168,887—not much to live on in retirement. Typically, you can direct your contributions and the matching funds into investments offered through your employer. And your 401(k) is portable—you can take it with you if you change jobs.

**Flex Spending Account:** Also known as flexible benefits and Section 125 plans, these plans let you put aside money (via a deduction from each pay) before taxes to cover various types of costs such as payment of health insurance and life insurance premiums, and vision care, dental care, or child- or dependent-care

costs. By using money held out before taxes, you'll spend pre-tax dollars on necessities and you'll show less earned income on your federal tax return—so you will pay a lower percentage of your income in taxes.

**Family Friendly Benefits:** Do you have to have a family to collect these benefits? Absolutely not! Family-friendly benefits can mean a lot of things.

- Flextime allows you to vary your workday start and stop times, within limits.
- Paid time off (PTO) deposits your paid-time off (e.g., vacation, holiday, sick, and personal days) into one bank from which you withdraw days, which you allocate as you wish. This means you could wind up with more than two weeks of vacation.
- Telecommuting allows you to work from home or at an alternative work site for part of the week, checking in with the main office via telephone and computer. Some employers provide the office equipment for home use; in other cases, you cover the costs associated with telecommuting.

Once your salary and benefits research is complete and you have established your ideal compensation package, you'll eventually have to decide whether or not to accept a job offer.

\*Courtesy of the National Association of Colleges and Employers.

## Choosing Among Job Offers\*\*

First, make sure you know enough about the organization, the job, and the details of each offer to weigh one offer against another. If you lack information, seek it out by asking the employer, researching the organization, or talking to others who work at or are familiar with the organization or job. There is no perfect formula for making your decision, but one of the best ways to begin is by making a list of all of the features that are important to you in your first job. These may include such items as the type of work you'll be doing, the organization's reputation/prestige, training program, salary, specific benefits, location of job, opportunity for advancement, work environment, opportunity for free time (evenings and weekends), opportunity for travel, colleagues with whom you'll be working, and so forth. Add every possible item you can think of to your list.

**What Matters Most?**

After you have all the features on your list, rank them in order of their priority to you. For example, type of work may be most important to you, followed by salary, and then specific benefits.

Next, look at each job offer you are considering, and rate the features of each using a scale of one to five (with five being excellent and one being poor). For example, if ABC Company's offer provides a great starting salary, you'll most likely give that feature a "5" under ABC. If XYZ Company's offer provides a lesser starting salary, XYZ might earn a "3" rating for salary. (See the sample on the next page)

### Sample Rating Sheet for Multiple Job Offers

Feature (in order of importance)	ABC Company	MNO Company	XYZ Company
Challenging	4	5	4
Advancement opportunities	3	4	2
Medical benefits	5	5	5
Salary	5	3	5
401(k) retirement plan	4	4	3
Dental benefits	4	4	4
Training program	3	4	4
Life insurance	4	4	3
Job location	5	4	4
Workplace environment	4	3	4
Opportunity to travel	4	2	2
Tuition	5	4	1
Total Rating:	50	46	41

\*Remember to create your own list of features that matter to you and list them in order of importance, with the most important feature appearing at the top of your list. Then, rate the features of each company's offer on a scale of one to five (five=excellent; 1=poor). In the sample above, the offer from ABC Company has the highest rating, indicating that ABC's offer provides more of the features that matter to the sample job seeker. This is one way to compare job offers.

#### Weigh Your Options Carefully

In the final analysis, remember to weigh carefully what is most important to you. Don't be unduly swayed by the job title or the prestige of the organization and how it will impress your relatives. While it is helpful to get advice from family and friends, you are the one who will be going to work every day. You need to be sure that your job will be a good experience for you and will allow you to achieve your initial goals. Remember, though, that no job is perfect or able to meet all your needs. Consider the factors that you are willing to compromise on or have met in other ways. For example, if you enjoy travel and your job provides little opportunity for it, you can use long weekends and vacations for this interest.

#### Nothing is Forever

Keep in mind that while you want to make the best possible decision at that moment in time, your decision is not irrevocable. The odds are great that you will not remain with your first employer for your entire career. As you progress in your career, you will continue to learn which features are of highest priority for you (your priorities will also probably change with time) and how to find the best opportunity to have these priorities met. Good luck!

\*\* Text provided by Marcia B. Harris and Sharon L. Jones Courtesy of the National Association of Colleges and Employers.

## Salary Research Resources

### NACE Salary Calculator

<http://www.jobsearchintelligence.com/NACE/jobseekers/salary-calculator.php>

Provides salary data for entry-level, median, and highest paid employees in a particular occupation; also calculates a recommended salary for you, based on your responses to questions about your degree type and other factors.

### Glass Door

<http://www.glassdoor.com/index.htm>

View salaries, reviews, and interviews posted anonymously by employees at over 32,000 U.S. companies.

### Career One Stop

<http://www.careeronestop.org/Toolkit/ACINet.aspx>

Go to the Salary + Benefits section to find salary information for more than 800 different occupations, research salary by location and compare the wages of multiple cities nationwide.

### CNN Money Cost of Living Tool

<http://money.cnn.com/calculator/pf/cost-of-living/>

Compare the cost of living difference between the city in which you currently reside and the city where you plan to relocate. You can also view the difference in various living expenses (e.g., housing costs).