

# Salary Negotiation & Benefits

AT A GLANCE

MORAVIAN  
UNIVERSITY

Center for Career  
& Civic Engagement



## Salary Searches

When offered a position, **there are a number of factors that can affect your decision to accept or decline.** The factors include: geographic location, salary, company background, and personality fit. After determining whether or not a career would be a good fit for your personality and attributes, more specific details about companies, salaries, and locations can prove helpful.

## Salary Negotiation

### Why Negotiate?

Believe it or not, **you're expected to negotiate a salary even if it's higher than anticipated.** Although few students feel comfortable discussing salary and other benefits with employers, negotiation is a normal part of getting a new job. Any gain you make now adds up. Raises are often a percentage of your salary, in which case a higher initial salary will mean larger raises down the line. On the other hand, failing to negotiate could mean that you're missing out - potentially on \$10,000 or more!

### When Should I Negotiate?

You may inquire about salary during the interview phase (**never during a first round interview**), but don't negotiate any time before the employer makes you an offer or asks for your salary requirement.

### What Can I Negotiate?

- Negotiable things include: salary, start date, work schedule, moving expenses, early performance review, paid time off, bonuses, flex time, geographic location, stock options, use of a company car, and training or education assistance.
- Health plans and retirement plans are not negotiable. Employers arrange these for the entire company and generally cannot make any individual changes or exceptions.

### How Do I Negotiate?

- Be realistic and positive. Asking for more money or different benefits is fine, but asking for unreasonable things in an unprofessional way makes a bad impression.
- Know what you want in advance. Before you walk in to your first interview (and preferably before sending in your application), research your career field. Get salary data from numerous online resources (look at list below). This ensures you won't accept any "low-ball" offers.
- Do your research. If your research shows average salary for similar entry-level employees to be higher than what you are offered, or if you feel you have something unique and concrete (like technical certification or years of experience), say so. You can also use competing offers as leverage.
- Ask for more time if you feel unsure or unprepared. Most people find it easier to negotiate over the phone with advance notice rather than in person without notice.
- Express your appreciation for the offer and behave diplomatically. Even if you do not succeed in getting better compensation, you can leave a positive impression with your future employer.
- Be reasonable in your approach. Reiterate that you are very interested in working for the employer and you want to find a way to work this out.

"Thank you for the offer. I am very excited about working for you because ABC Company is my first choice. However, knowing the going rate is \_\_\_\_\_, I was really looking for something in the range of \_\_\_\_ to \_\_\_\_\_. Is there any possibility of that?"

## Salary Resources

To determine salary and cost of living factors for your position of interest or career field, the following resources will help you easily find the information you're looking for:

- **Bureau of Labor Statistics, Pay and Benefits:**  
<http://stats.bls.gov/bls/wages.htm>
- **SalaryExpert.com:**  
<https://www.salaryexpert.com/>
- **PayScale Salary Report:**  
[www.payscale.com/mypayscale.aspx](http://www.payscale.com/mypayscale.aspx)
- **NACE Salary Survey:** located on Handshake (under the resources TAB). The reports consist of starting salary offers made to new graduates by employing organizations in business, industry, government, and by nonprofit and educational institutions. The figures reported are for base salaries only and do not include bonuses, fringe benefits, or overtime rates.

# Understanding Benefits

Consider benefits to be **an important part of your compensation package**. According to a recent survey of new college graduates, the top benefits desired by new hires include medical insurance, tuition reimbursement, and a 401(k) company match. Benefits that deliver more immediate satisfaction (more than 2-week vacation or flextime) are increasingly important. A good benefits package can add as much as 30% to your overall compensation and may make a huge difference in your work/life quality.

## Types of Benefits

### Health Insurance

#### Important for 3 reasons:

1. It's cheaper to get insurance through an employer at group rates than to purchase it on your own, even if you have to pay for all or part of the coverage.
2. It's comparable to nontaxable income—providing health insurance could cost employer upwards of \$4,000 per year per employee—and you don't pay tax on it. If you purchase it on your own it might cost more than \$5,000 per year out of pocket after taxes.
3. If you get sick or have an accident, your medical treatment is paid for in part or in full—depending on your policy.

### Annual Salary Increases

**Watch for frozen salaries**—not giving any raises or giving minimal 1.4% raises. Average salary increases are about 4%.

### Tuition Reimbursement

One way to get ahead in your career is to continue learning—**keeping 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, company, or profession. In some cases, employers reimburse for non-business-related classes and supplies (books).

### 401(k) Plan or 403(b) for non-profits

**This 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. Employers will match your contribution up to a certain percentage—this is “free” money that can add to your overall compensation package. It is important to start early, take this scenario into consideration:

**25 year old saving \$5,000 a year will have \$787,176 at age 65 (assuming 11% annual return on savings)**

**35 year old saving \$5,000 a year will have \$364,615 at age 65**

**45 year old saving \$5,000 a year will have \$168,887 at age 65**

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 (Flexible benefits, Section 125 plans)

These plans let you **put aside money** (via deduction from each pay) before taxes to cover various types of costs such as health insurance payments, life insurance premiums, vision/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 federal tax return—so you will pay lower percentage of your income in taxes.

### Family-Friendly Benefits

**Paid-time-off (PTO)** deposits your paid-time off (vacation, holiday, sick, and personal days) into one bank from which you withdraw days which you allocate as you wish. This may lead to earning more than 2-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 or computer. Some employers provide the office equipment for home use; in other cases, you cover the costs associated with telecommuting.

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