EVALUATING AND NEGOTIATING A JOB OFFER

B2B SEMINAR SERIES
OCTOBER 8, 2020
<table>
<thead>
<tr>
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<td>Total Compensation: Salary + Benefits</td>
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<td>Negotiation Fundamentals and Framework</td>
<td>Negotiation Session &amp; Discussion</td>
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**COURSE OUTLINE**
Lesson 1. University Guidelines for Offers and Acceptance
Lesson 2. Total Compensation: Salary + Benefits
Lesson 3. Determining Value of Common Benefits
Lesson 4. Negotiation Fundamentals and Framework
Lesson 5. Negotiation Session & Discussion
GUIDELINES FOR OFFERS AND ACCEPTANCES

- [hireillini.com/recruitment-policies/#section4](https://hireillini.com/recruitment-policies/#section4)

- Timeline for Employer Required Acceptance
  - Fall: November 15th or 3 weeks after offer is made.
  - Spring: April 1st or 2 weeks after offer is made.

- Offer Reneging:
  - Unprofessional
  - Negative Impact on University and Peer Reputation
  - Disqualified from I-Link and other ECS services.
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Lesson 3. Determining Value of Common Benefits
Lesson 4. Negotiation Fundamentals and Framework
Lesson 5. Negotiation Session & Discussion
TOTAL COMPENSATION

- **SALARY**
- **BENEFITS**
- **UNIQUE OFFERINGS**
SALARY

A fixed compensation paid periodically to a person for regular work or services.

- Primary component of negotiation in private sector, though harder for entry level position.
- Typically prescribed in public sector for grade of hire.

**ASK:** Do you compensate for Over Time?
A payment or gift made by an employer for the benefit of the employee.

- Typically non-negotiable at entry level, all sectors.
  - Health Care
  - Vacation (Personal Time Off – PTO)
  - Retirement
  - Bonus Plan
  - Career Advancement
BENEFITS – HEALTH CARE

- **HMO Plan: Health Maintenance Organization Plan**
  - Single Primary Doctor Required, Referrals Required
  - Cheaper than PPO Plan due to limited network options.

- **PPO Plan: Preferred Provider Organization Plan**
  - Not Restricted to Primary Doctor, No Referrals Required

- **Deductible:**
  - Amount you owe before health insurance plans begins to pay

- **HSA: Healthcare Savings Account; Pre-Tax Contribution**
  - Monthly Premium: Monthly Cost to Participate in Company’s Plan
BENEFITS – PERSONAL TIME OFF/VACATION DAYS

- Vacation Time
  - Initial Amount and Rate of Acquiring
- Sick Leave, Bereavement
  - Some companies may not have set policy.
  - Value calculated same as vacation time.
- Can be PTO or Vacation/Sick
- Company Holidays
  - Typically 7-10 days per year (New Years, Thanksgiving, Floating, etc.)
BENEFITS - RETIREMENT

- Defined Benefit Plan: Pension
  - Promises a specific monthly benefit at retirement, usually a function of salary and time with organization.
  - Common in Public Sector; May Require Employee Contr.
  - Increasingly Rare in Private Sector
  - Difficult to calculate benefit value.

- Defined Contribution Plan: 401(k) or I.R.A. Plan
  - Employee Contributes Portion of Paycheck to Account
  - Employer Matches Contribution to a Maximum Amount
  - 401(k) Plan involves Pre-Tax contributions
  - I.R.A. Plan involves Post-Tax contributions
BENEFITS – UNIQUE

- Bonus Plan
  Compensation
  Referral
  In Lieu of Overtime

- Career Advancement
  Tuition Reimbursement
  Technical Society Engagement
  In-House Training
  Conference Attendance
  Mentoring Programs

- Work Flexibility

- Employee Assistance Program (EAP)
BENEFITS - UNIQUE

- Life Insurance
- Short/Long Term Disability
- Flexible Spending Accounts (Healthcare, Childcare, Commuter Benefits)
- Phone Stipend/Computer Support
- Maternity/Paternity Leave
- Extracurricular Company Events
  - Sports Teams, Running Clubs
  - Volunteering/Philanthropy
- Buying Clubs
Lesson 1. University Guidelines for Offers and Acceptance
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Lesson 5. Negotiation Session & Discussion
Generally offered in increments of weeks

- Annual Salary = $65,000; Weekly Salary = $65,000/52 = $1,250 per week
- Alternatively, Hourly rate = $65,000/2080 = $31.25 per hour

- 2 weeks vacation = $2,500
- Each additional day of vacation or personal use = 8x$31.25 = $250
BENEFITS – HEALTH CARE COSTS

- Determine Anticipated Health Insurance Plan to Participate In
  - Self Educate Plan Differences: Google “HMO vs. PPO”

- Monthly Premiums
  - Identify your monthly cost to participate in company’s plan and what the employer is paying. (i.e. Plan cost is $1000 per month, employer pays $750, your cost $250 – will vary with coverage for spouse/family.)

- Understand Insurance Deductibles
  - Example: If deductible is $1,000, your health insurance plan won’t pay bill until you’ve met your deductible for health care services covered in insurance plan.
### Benefits – Health Care Costs

<table>
<thead>
<tr>
<th></th>
<th>Blue Shield PPO</th>
<th>Full-Time Employees</th>
<th>Part-Time Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Only</strong></td>
<td></td>
<td>$189.30</td>
<td>$283.95</td>
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<tr>
<td><strong>Employee + Spouse</strong></td>
<td></td>
<td>$584.47</td>
<td>$876.70</td>
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<tr>
<td><strong>Employee + Children</strong></td>
<td></td>
<td>$529.40</td>
<td>$794.10</td>
</tr>
<tr>
<td><strong>Employee + Family</strong></td>
<td></td>
<td>$848.70</td>
<td>$1,273.05</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Blue Shield HDHP</th>
<th>Full-Time Employees</th>
<th>Part-Time Employees</th>
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<tbody>
<tr>
<td><strong>Employee Only</strong></td>
<td></td>
<td>$31.55</td>
<td>$47.33</td>
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<tr>
<td><strong>Employee + Spouse</strong></td>
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<td>$254.59</td>
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<tr>
<td><strong>Employee + Children</strong></td>
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<td>$235.18</td>
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<tr>
<td><strong>Employee + Family</strong></td>
<td></td>
<td>$362.68</td>
<td>$544.02</td>
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<table>
<thead>
<tr>
<th></th>
<th>Delta Dental</th>
<th>Full-Time Employees</th>
<th>Part-Time Employees</th>
</tr>
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<tbody>
<tr>
<td><strong>Employee Only</strong></td>
<td></td>
<td>$14.00</td>
<td>$21.00</td>
</tr>
<tr>
<td><strong>Employee + Spouse</strong></td>
<td></td>
<td>$24.00</td>
<td>$36.00</td>
</tr>
<tr>
<td><strong>Employee + Children</strong></td>
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<td>$25.00</td>
<td>$37.50</td>
</tr>
<tr>
<td><strong>Employee + Family</strong></td>
<td></td>
<td>$35.00</td>
<td>$52.50</td>
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## BENEFITS – HEALTH CARE COSTS

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<tr>
<th></th>
<th>Blue Shield PPO</th>
<th>Blue Shield HDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Annual Deductible</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-Network</td>
<td>$250 per individual up to $750 per family</td>
<td>$2,500 per individual up to $5,000 per family</td>
</tr>
<tr>
<td>Out-Of-Network</td>
<td>$6,000 per individual (combined with in-network)</td>
<td>$6,000 per individual (combined with in-network)</td>
</tr>
<tr>
<td><strong>Lifetime Max</strong></td>
<td>Unlimited</td>
<td>Unlimited</td>
</tr>
<tr>
<td><strong>Office Visit: Primary</strong></td>
<td>$20 co-pay (deductible waived)</td>
<td>$20 co-pay (deductible waived)</td>
</tr>
<tr>
<td></td>
<td>40% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Office Visit: Specialist</strong></td>
<td>$20 co-pay (deductible waived)</td>
<td>$20 co-pay (deductible waived)</td>
</tr>
<tr>
<td></td>
<td>40% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Preventive Services</strong></td>
<td>No charge (deductible waived)</td>
<td>No charge (deductible waived)</td>
</tr>
<tr>
<td></td>
<td>40% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Chiropractic Care</strong></td>
<td>20% after deductible (coverage limited to 24 visits per calendar year)</td>
<td>20% after deductible (coverage limited to 24 visits per calendar year)</td>
</tr>
<tr>
<td></td>
<td>40% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Lab and X-ray</strong></td>
<td>Lab and X-ray: $20 co-pay after deductible</td>
<td>Lab and X-ray: $20 co-pay after deductible</td>
</tr>
<tr>
<td></td>
<td>40% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Inpatient Hospitalization</strong></td>
<td>20% after deductible up to $500 per day</td>
<td>20% after deductible up to $500 per day</td>
</tr>
<tr>
<td></td>
<td>40% after deductible</td>
<td>40% after deductible</td>
</tr>
<tr>
<td><strong>Outpatient Surgery</strong></td>
<td>You pay 20% after deductible</td>
<td>You pay 20% after deductible</td>
</tr>
<tr>
<td></td>
<td>40% after deductible up to $500 per day, plus all charges over $500 per day</td>
<td>40% after deductible up to $500 per day, plus all charges over $500 per day</td>
</tr>
<tr>
<td><strong>Emergencies</strong></td>
<td>No charge after deductible</td>
<td>No charge after deductible</td>
</tr>
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<td></td>
<td>No charge after deductible</td>
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<td>No charge (deductible waived)</td>
<td>No charge (deductible waived)</td>
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<tr>
<td></td>
<td>40% after deductible</td>
<td>Not covered</td>
</tr>
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BENEFITS – INSURANCE

- What Types of options offered (HMO, PPO, High Deductible with HSA)
- What percentage does employer pick up?
  - Individual/Spouse/Family
- What is included?
  - Health
  - Vision
  - Dental
  - Short/Long Term Disability
  - Life
  - Long Term Care
“50% Match on Employee Contributions up to 3% of Salary”

- What does this Mean? What is Pre-Tax?
  - Employer contributes $.50 for each $1 you contribute to account with maximum contribution of employer capped at 3% of your salary.

- Maximum Value of Employer Contribution
  - Annual Salary x 0.03; $50,000 x 0.03 = $1,500

- Immediate Tax Savings
  - Employee Contribution x Tax Rate (Assume 25%); $3,000 x 0.25 = $750

- IRA plans and contributions are not common and unlikely to be offered
BENEFITS – QUESTIONS?
COURSE PROGRESS

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negotiation

[nəˌɡōSHēˈæSH(ə)n]
NOUN

negotiations (plural noun)

1. discussion aimed at reaching an agreement.
2. "a worldwide ban is currently under negotiation" · [more]

3. synonyms:

4. discussion(s) · talks · consultation(s) · parleying · deliberation(s) · conference · debate · dialogue · mediation · arbitration · intercession · conciliation · bargaining · [more]

5. the action or process of transferring ownership of a document.
NEW GRADS

SURVEY FINDS IT’S WORTH ASKING FOR A HIGHER SALARY.

How common is salary negotiation for new grads?

- 62% of new grads are negotiating
- 38% of new grads are not negotiating

34% of women negotiate

44% of men negotiate

74% of employers have room to increase their first offer by 5-10% during negotiations.

80% of students and grads who negotiate are at least partially successful.

Success Rates for Non-Salary Benefits

- Schedule: 75%
- Paid Time Off: 62%
- Bonus: 58%
- Stock: 38%

nerdwallet | Looksharp
NEGOTIATING THE OFFER

- Deciding to Negotiate:
  - Choose most desirable employer/offer.
  - Never negotiate unless willing to commit to job.

- Best Practices
  - Do Your Research (Salary Data, Cost of Living, etc.)
  - In Person or Over Phone (Avoid email – maybe not so true today)
  - Show enthusiasm – ‘I am excited by this offer.’
  - Always Be Honest: Do Not Fabricate Information

- Be Sure You Understand the Complete Offer

- How Do I Initiate Negotiations?
  - Back to the definition - Discussion
SUGGESTIONS TO START THE CONVERSATION

1. Can I Negotiate this offer?
2. Can you explain ‘xxx’ in your offer?
3. Besides the base pay, what other benefits are negotiable? (PTO, Tuition, moving expenses, etc.)
4. How did you decide on this offer?
5. What is the outlook for salary adjustments or promotions?
6. ‘If you can do ‘?’ , I am on board.’ – but mean it
PREPARATION FOR NEGOTIATIONS

- Use Campus resources – Engineering Career Services – page 39, ‘Negotiating the Job Offer’
- Use online data
  - [https://www.salary.com/research/cost-of-living](https://www.salary.com/research/cost-of-living)
- Consider using the position as a stepping stone to future opportunities
- Know your range – establish your minimum, and know what you would ideally like
- Be confident and have a summary of why you are worth more – what is your future potential?
PREPARATION FOR NEGOTIATIONS

- Student Reservation Salary – Minimum Acceptable Salary, lowest you are willing to accept
- Employer Reservation Salary – Maximum Salary willing to offer
- Bargaining Zone or Zone of Possible Agreement (ZOPA)
PREPARATION FOR NEGOTIATIONS

- Best Alternative to Negotiated Agreement (BATNA)
  - Used to Define Reservation Price
- Anchoring
  - Establishing Starting Point of Negotiation
STRATEGY FOR NEGOTIATIONS

1. Evaluate Offers – Calculate Total Compensation and Compare

2. Review Known Salary Data and Company Research (Company has advantage here)

3. Determine Reservation Salary (Lowest Acceptable Salary)

4. Establish Anchor (Counter Offer) and Begin Negotiation
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Summary of the 2 offers to be read – be prepared to take notes and evaluate them

- Student: Jane Smith
  - Graduating with Bachelors in Civil Engineering

- Offer 1 – Adventure Engineering in Colorado – 30 employees, privately owned
- Offer 2 – Urban Engineering in Chicago – international firm, 400 employees in office
### Urban Engineering

- **Annual Salary:** $64,000
- **Vacation:** 2 weeks
- **Retirement:** 401(k) – 50% employer match up to 2% of salary
- **Health Insurance:**
  - HMO $150 monthly premium
  - PPO $180 monthly premium

### Adventure Engineering

- **Annual Salary:** $52,000
- **Vacation:** 3 weeks
- **Retirement:** 401(k) – 100% employer match up to 10% of salary
- **Health Insurance:**
  - PPO $200 monthly premium
- First time recruiting from U of I – First student took a position in a City with higher pay
- Cost of living is 10% less in CO than most urban centers
- Flexible work hours to have Friday afternoons off
- Strong history of company bonus program
- National entry level salary $59,000

**Diagram:**

- Employer Anchor: $52,000
- Student Anchor: ?
- ZOPA / Bargaining Zone: $59,000

**Notes:**

- Employer Aspiration Salary
- Student Reservation Salary
- Student Aspiration Salary
Determine Total Compensation

- Salary +$52,000
- PTO (Total 3 weeks) +$3,000
- 401(k) Employer Contribution +$5,200 (Max 10% Salary)
- 401(k) Tax Savings (25% Tax) +$1,300 (Max 10% Cont.)
- Annual Health Care Premiums -$2,400 (PPO @ $200/MO)

Total Compensation $59,100
### URBAN ENGINEERING SUMMARY – TOTAL COMPENSATION

- **Determine Total Compensation**
  - **Salary**: $+64,000
  - **PTO (Total 2 weeks)**: $+2,462
  - **401(k) Employer Contribution**: $+1,280 (Max 2% Salary)
  - **401(k) Tax Savings (25% Tax)**: $+640 (Max 4% Cont.)
  - **Annual Health Care Premiums**: $-1,800 (HMO @ $180/MO)

  **Total Compensation**: $66,982

- **Cost of Living Adjustment (10%)**: $6,400 (Chicago vs. CO)

  **Revised Total Compensation**: $60,582
Total Compensation

- Adventure Engineering $59,100
- Urban Engineering $60,582

Compensation Differential $1,482

*If preference is Adventure, negotiate higher salary to equalize or make greater*

Other Considerations:
- Environment – nature vs. urban
- Small vs. Large company (specialized tech vs. all around experience)
- Lifestyle – flexible work schedule and more vacation time
- Retirement benefits – big difference
- Bonus program
THANK YOU!

“We are prone to judge success by the index of our salaries or the size of our automobiles rather than by the quality of our service and relationship to mankind.”

Martin Luther King, Jr.