

# Salary and Benefits: An Overview

Are you curious about what to expect when it comes to your hourly wage or salary? Check out the [NACE Salary Calculator Center](#) for an estimate based on your specific background and employment context.

The entire compensation package represents much more than just salary. A few tips:

- Go to the source—reach out and talk to someone who works in the industry you are targeting (in person, or via online message boards). Consider conducting an [informational interview](#).
- Worth is subjective—your worth to a particular employer can vary. You may be more valuable to an employer if there are shortages of people with your skills.
- Remember that companies count benefits as part of your compensation. This could include standard things like health insurance, 401(k), and vacation time or other perks such as car allowances, health club memberships, laptops, flexible schedules, or the option to telecommute.

## ➤ Entry-Level Salary Negotiation:

*Adapted from this great [resource](#) by Peter Vogt, MonsterTRAK Career Coach, 2010*

Even in the best of economic times, salary negotiation is a risky proposition for most new college graduates pursuing entry-level positions. “You can negotiate if you have something extra special to negotiate with,” says Terese Corey Blanck, director of recruitment and placement for [Corporate Interns](#), an internship and entry-level placement firm. But a college degree and a couple of internships aren’t enough, Corey Blanck emphasizes. “If you’re bringing some special experience or expertise to the table, then give [negotiation] a try,” she says.

### Use Your Head

That doesn’t mean you can’t attempt to negotiate an offer you’ve received, especially if you really do think you have something above and beyond to offer a prospective employer. But be careful -- very careful. “You’ve got to have a rationale for why you believe you should be paid more,” says Sheila Curran, Fannie Mitchell Executive Director of the career center at Duke University and coauthor of [Smart Moves for Liberal Arts Grads](#).

### Do Your Homework

If, on the other hand, the employer you’re dealing with appears to be open to some negotiation when it comes to your salary and/or other benefits (e.g., bonuses, [relocation allowance](#), tuition reimbursement), feel free to take a shot at it. Know in advance, though, that you’ll need to have completed some pretty [extensive research](#) ahead of time to make a compelling case for yourself.

It’s also important to pursue your negotiation activities respectfully, employing thoughtful, strategic questions and not overbearing “show me the money” types of demands. “You can’t go in with an attitude of ‘I’m entitled,’” says Corey Blanck, “But, rather, ‘I have this specific experience and expertise -- is this something that’s worthwhile to you and, if so, are you open to negotiating a higher starting salary?’” You may not get what you want. But at least you won’t lose what you already have.

# Salary, Benefits, Taxes and Raises: Q & A

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*Prepared by Carol Reynolds, Payroll & Benefits Manager, Champlain College*

## **What are the typical benefits that companies offer? What kind of benefits can we expect from different types and sizes of companies?**

Typically companies try to offer benefits that will help to attract and retain valuable employees. Often health care, dental coverage, life insurance, 401k plan, holidays, vacation and sick days are included in a benefits package. Retail businesses seem to have benefits packages that are less appealing than public or private businesses, usually offering only health insurance, vacation, and a limited number of holidays (Thanksgiving and Christmas). Usually the larger and more profitable the company is, the larger and more generous the benefits package is.

## **What benefits should I expect to get in a first time job? Should I ever take a job without benefits?**

The benefits you are offered in your first position will depend on the policies of the company that hires you. Since companies usually treat employees in an equitable manner, all employees on same employment level are given the same benefit options. Ordinarily health care, holidays, vacation and sick time will be offered. Many companies will offer life insurance, disability insurance, 401k plan, day care, and educational benefits. If you take a job without benefits, the salary should be VERY handsome! Health insurance for a single person alone can cost you \$3,500 per year, and that will not be the best plan available. Family plans can easily exceed \$9,000.

## **What is a 401k plan and what can it do or how does it help me as an employee in the future? How long do you usually have to be employed before you can participate in a 401k plan?**

A 401k or 403b (for non-profits such as educational institutions and hospitals) plan is a retirement savings plan that you can use to set aside earnings with before tax dollars. Usually only Social Security and Medicare Taxes are deducted but not Federal or State taxes. Also, your entire taxable basis is lowered by the amount you defer to your retirement savings account. In other words, if you make \$500 per week and you put \$50 per week into your 401k, your federal and state taxes are calculated only on \$450. The interest earned in these plans is taxed at the time the money is taken out of the plan as retirement income. You often have a say in what kind of investment vehicles your money will grow in (bonds, stocks, money market, etc.). There is usually a penalty of 10% if you withdraw the money before age 59 ½.

## **Is it a good idea to participate in a retirement plan through my work place (versus through an outside company) to help me plan for the future?**

Yes, if you have a chance to participate in a retirement plan, such as a 401k or 403b plan, I highly recommend it. It may seem difficult at first to spare the extra money, but as it accumulates and the interest starts to compound, it's exciting to see how fast it grows. Remember, the earlier you start, the more you'll have saved by the time you retire. Also, when you participate in a plan at your work place, you can do it before tax dollars and the employer often offers to match a certain percentage of your salary deferral. If you invest with an outside company, you do so usually after tax dollars and there is no employer match.

**Were you offered a “set” salary when you started, or did you and your supervisor agree on a “reasonable” salary?**

When you interview for a job, the employer usually has a salary range in mind. Your education, skills and experience help determine where you fall into that range. If you have relatively little experience, you may qualify at the lower end of the range, but it allows for growth of your salary within that position. If you’re more experienced and have developed a variety of skills required for the job, the offer will probably fall between the middle and higher end of the range.

**How long do you work before you can expect an increase?**

This usually depends on the policy of the firm. Some companies will review you after 90 or 180 days, while others just have a yearly evaluation. Sometimes employees are awarded increases based on merit while other companies will give just a cost of living raise.

**Does the tax taken out of a paycheck vary from person to person? What recommendations do you have to a single person completing a W-4 form with regard to the number of exemptions to claim (1 versus 0)?**

The reason the amount of tax taken out of a paycheck varies from person to person is the way his/her W-4 is filled out. A single person with one exemption will have more taxes taken out than a married person with one exemption. If you only have one full time job, you can claim either 1 or 0 exemptions and be relatively sure that you will not have to pay in any extra taxes. The difference is that if you claim 0 exemptions, you will have more taxes taken out and will probably receive money back from the federal and state governments and your paycheck will be slightly lower than the employee claiming 1 exemption, who will in turn get less back at tax return time. If you have several part time jobs, you are better off filing your W-4 as single 0. The reason is that the computer (or the tax chart) looks at the amount you’ve earned and sometimes it is so small that little or no taxes are taken out, resulting in you earning a fair amount of money from two or more jobs with not enough taxes being taken out. If you find that little or no federal or state tax is being withheld from your paycheck, it would be wise have extra tax withheld on line 6 of the W-4 form. It may be better to over withhold a little and get a refund back instead of having to send a check in at tax time.

**How do companies decide on benefits and schedules for raises?**

Depending on the size of the company, decisions on benefits are usually made by the owner (small business), the management team (small to medium), or a benefits committee (medium to large). Some large companies may even have a benefits department to explore options and coordinate benefits. Usually the larger and more profitable a company is, the broader the benefits package is.

Usually each company has a method for scheduling raises. Some companies review employees on a set basis, usually every six months to a year, while other companies review employees on their anniversary (or hire) date. Other firms have a policy to grant raises to employees on a particular date each year (i.e., January 1 or July 1).

**Who is the best person in a company to talk to about your benefits?**

In a small firm, your supervisor would probably be the best place to start. Larger companies have a personnel department, human resource staff and/or a benefits coordinator. The benefits coordinator is the person who manages most of the benefits available to employees and can answer (or help you find answers) to your questions.