MONEY MATTERS 2023:
UL SYSTEM FINANCIAL WELLNESS SERIES

Session #8:

Changing Careers:
The Financial & Personal Issues

July 13, 2023

University of Louisiana System
For your future. For our future.

BRIDGING THE DIVIDE
Summer Series

MONEY MATTERS

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UNIVERSITY of LOUISIANA LAFAYETTE | B.I. Moody III College of Business Administration

Owning Your Financial Future

Adults Returning to Finish a Degree: Financial & Other Concerns June 6, 2023	Financial Planning for Graduate Students June 7, 2023	Financial & Tax Planning for International Students June 8, 2023	The Financial Aspects of Your Side-Hustle #1 – Planning, Strategies, Legal, Resources June 20, 2023	Family Financial Planning: Making Finances Work for the Whole Family June 23, 2023
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CHANGING CAREERS:
THE FINANCIAL &
PERSONAL ISSUES

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Most sessions are from 12:00-1:00pm
*** Sessions on July 18, 19 are from 3:00-4:00pm.

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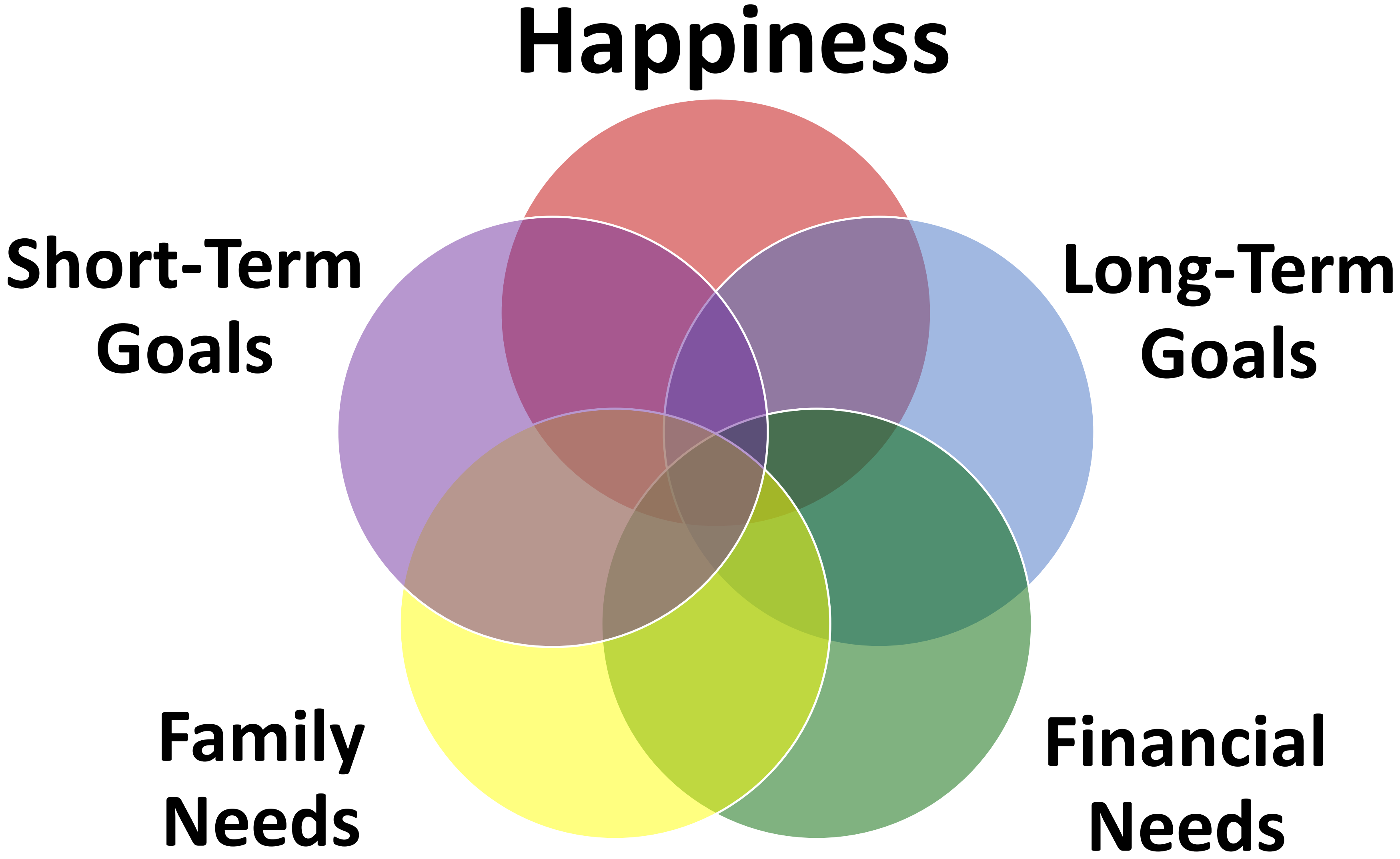
Happiness
Short-Term Goals
Long-Term Goals
Family Needs
Financial Needs

What Are Your Values, Dreams & Goals?

- Education
- Career
- Family

What Is Your Current Situation?

- Education
- Career
- Family
- Financial

Create a Personal Financial Plan for You:

- Investing
- Budgeting
- Debt Management
- Taxes
- Insurance
- Retirement
- Education
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- Business Planning
- Philanthropy
- Estate Planning

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Your Job & Financial Planning

For most of us,
all of our income comes from our jobs.

That means that any financial planning we can do is a function of our jobs.

Why Are You Changing Jobs

BE HONEST WITH YOURSELF
& WITH YOUR FAMILY.

Is it for money?

Is it for opportunity?

Is it for flexibility?

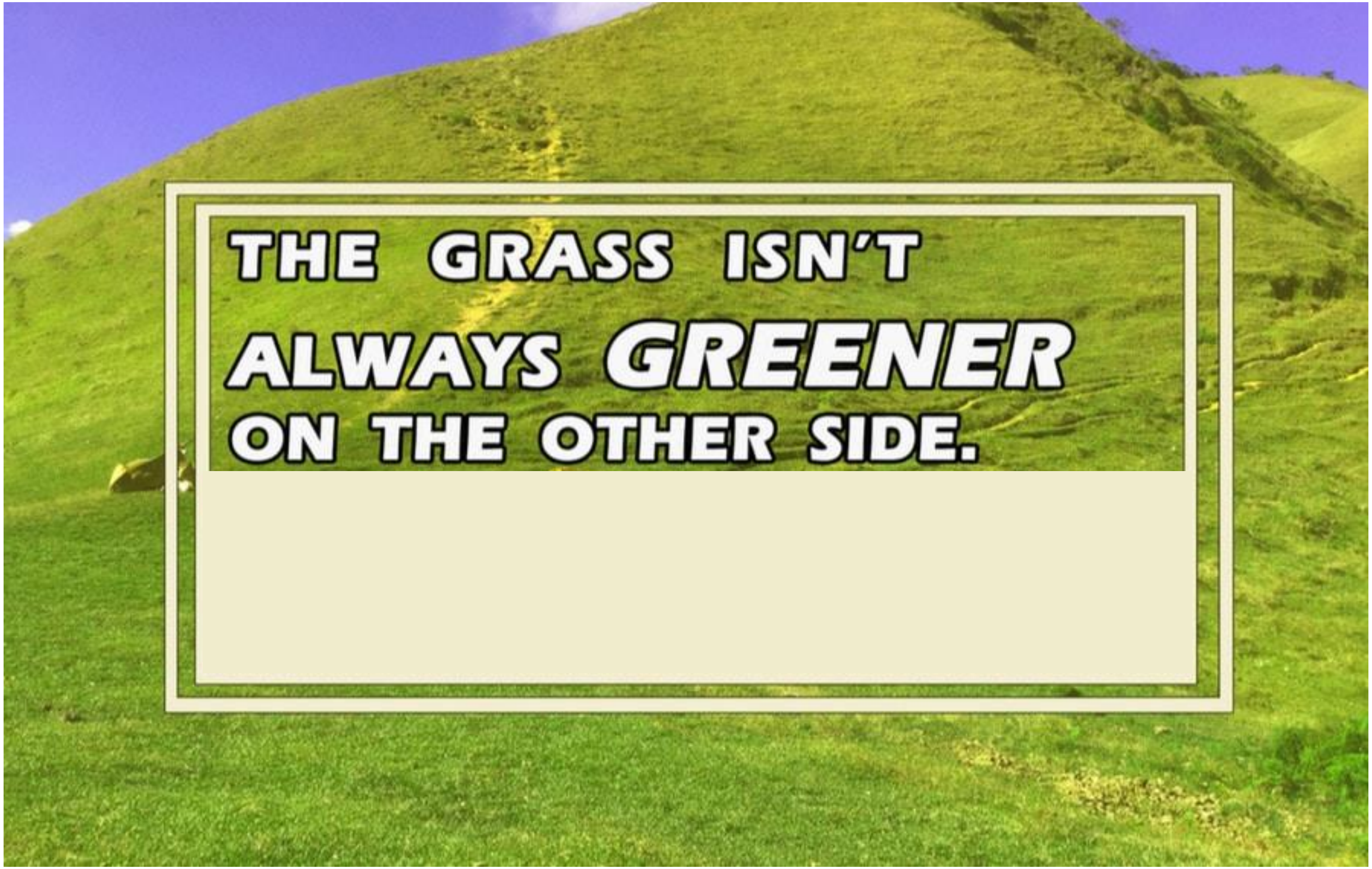
Is it for location? Benefits? People? Family?

Why Are You Changing Jobs

BE HONEST WITH YOURSELF
& WITH YOUR FAMILY.

What do you want to be doing in 2 years?
What do you want to be doing in 5 years?

What do you want to be doing in 10 years?


THE GRASS ISN'T
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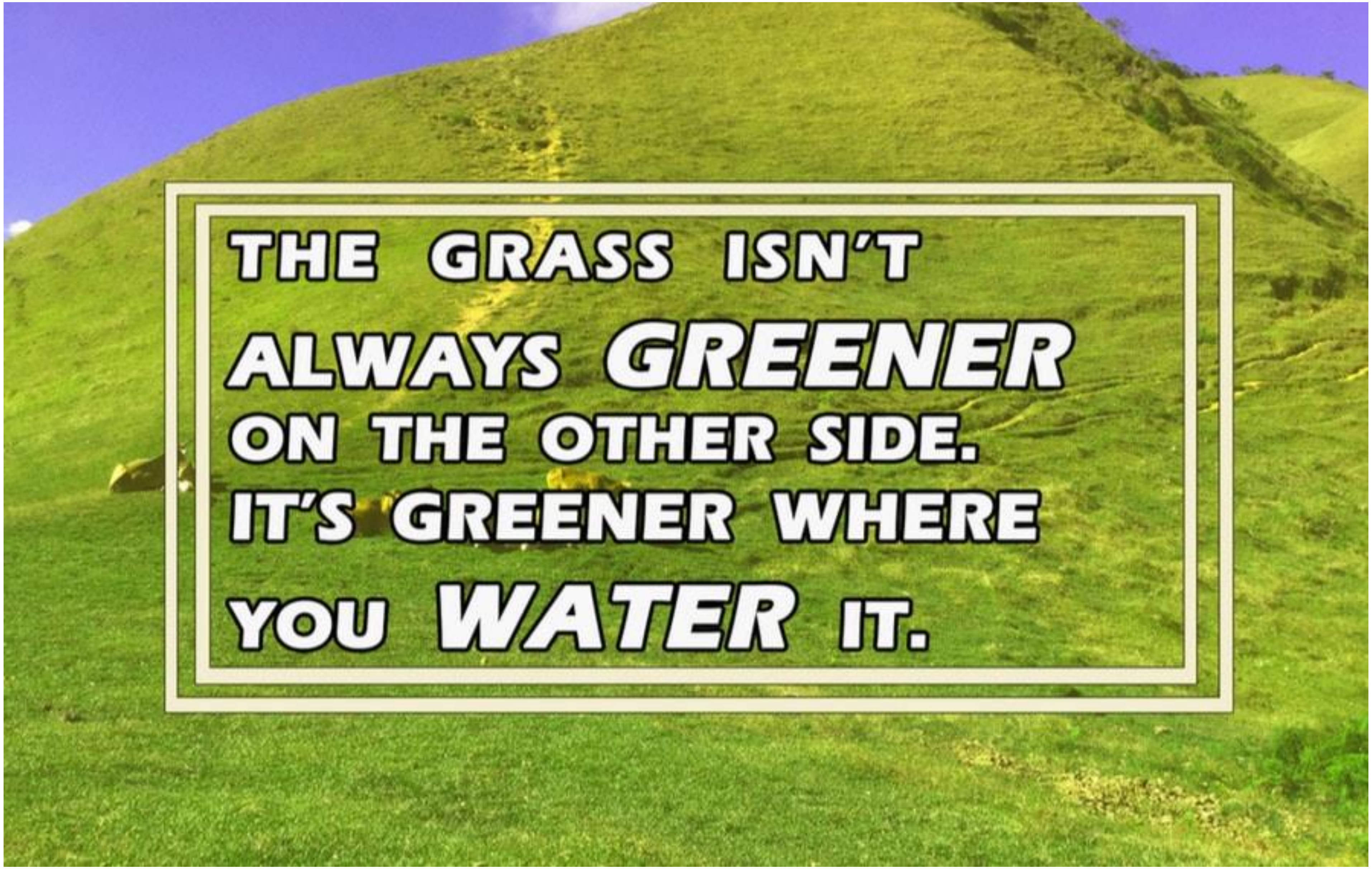
ON THE OTHER SIDE.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ALWAYS GREENER
ON THE OTHER SIDE.
IT'S GREENER WHERE
YOU WATER IT.

Frequently Asked Question #1

#1 When should you being looking for a new job?

- “Looking”….that’s up to you.
- “Considering”….You should be considering other jobs all the time.

- I work like I am always on the market – I want everything I do to make my resume better. That way, I’m prepared if/when I do want to look for a new job?

- Update your resume 2-4 times a year (or more often).
- Always think about your network – both for mentors and for opportunities.
- Never burn any bridges.
- Apply for a new job – or even just a promotion – at least once a year, for both practice and purpose.

Frequently Asked Question #2

#2 What jobs should you be applying for?

- All of them…all that interest you.
- Do NOT filter yourself out of the job search. If you are interested in a job but aren't sure if you're qualified, apply for that job. Let them decide.

- Many job announcements are aspirational. In reality, recruiters may be happy if they find someone who meets 75% of the qualifications.

- Always assume that you are the one making the decision. Assume that you are interviewing the company as much as they are interviewing you.

Frequently Asked Question #3

#3 What should you look for in a job?

- Consider all of the financial & non-financial rewards.
  - What are non-financial rewards (or, non-salary rewards):
    - Location, culture, family, expectations
    - Will the company pay for your training or certification?
    - Consider all benefits…health care, retirement, tuition forgiveness
- Consider the short-term and the long-term.
  - Should you work for a high-profile, high-stress firm for 2 years to build your resume?
  - What opportunities does this job prepare you for?
- Whatever you do, have a plan for how this job fits into your long-term career

Frequently Asked Question #4

#4 Should I negotiate my salary? If so, how?

- YES!!!
  - You should all always negotiate your salary.
    - There is never any harm in asking for 5-10% more salary
    - Asking for 15%+ might begin to get risky…but you have to ask for what you're worth.
      - You can figure out what you're worth by asking anyone and everyone what you should be earning.
  - I have had 4 academic jobs. Each time, I was told in the interviewing process that they did not negotiate salary. Each time, I asked for more salary. 3 out of 4 times I got more salary.
  - You can negotiate anything…not just salary.
    - Everyone: Time-off, vacation, work-from-home, continuing education…
    - Academics: Lab-funding, course load, summer pay, travel money…

Frequently Asked Question #4

#4 Should I negotiate my salary? If so, how?

- Remember that there will be multiple people or divisions responsible for structuring your hiring package:
  - Human Resources: Responsible for following rules and policies and taking care of the process
  - Your Future Boss: Responsible for hiring you to make the firm or institution better
  - By identifying who is in charge in the process and who has the power, you can determine with whom you should be negotiating.

Frequently Asked Questions - #5

#5 How do I get the company to notice me?

- If you are applying for an industry job, assume the first review of your resume will be done by a computer
  - Make sure your application is complete
  - Make sure your application is easily searchable
    - Use keywords, both for the power verbs and the accomplishments
- Write a relevant cover letter.
  - My standard cover letter might have 8 paragraphs in it. 5 of these would always be the same, 3 would be (minimally) tailored to the company.
    - Keep your cover letter to less than 2 pages.
- Use your contacts….use your network.
  - The processes generally ensure that every application is treated equally…at least first
  - Once you make the first cut, a simple email from your contacts to the recruiting committee can simply serve as a “be on the lookout for this application” notice.

What Is Your Ideal Job?

- ***What is your ideal job and job description?***
- ***Where will you be living?***
- ***Who are you with? What is your family situation?***
- ***What are you working towards?***
  What will your job be in 3-5 years?

What Is Your Ideal Plan B?

What If Your Plan A Doesn’t Happen?

What Becomes Important to You?

What Are Your Short-Term Possibilities?

What is Your Ideal Plan B?

What Is Your Ideal Plan B?

- ***What could go wrong with the above Plan A? What is the biggest threat?***
- ***What is your back-up job and job description? What is your ideal Plan B?***
- ***What can you control?***
  What can you do today to make sure this Plan B is an option?
- ***What can you do with your Plan B in the short-term to get to a better plan in 3-5 years?***
- ***What resources or help will you need to make this Plan B an option?***

More Frequently Asked Questions - #6

I am about to start a new job and my human resources advisor has warned me that I will have to make decisions about a company-provided retirement and health plans on my first day at work.

How do I decide which plans I want?

What if I choose the wrong plan – can I change my decision later?

More Frequently Asked Questions - #6

I am about to start a new job and my human resources advisor has warned me that I will have to make decisions about a company-provided retirement and health plans on my first day at work.

How do I decide which plan I want?

What if I choose the wrong plan – can I change my decision later?

Let's start with the health-care plan:

- ***You generally can select which plan option you choose once a year.***
- ***The company will deduct pre-tax salary for your premium (and the company will also contribute to the premium to share the costs)***
- ***Your family members may or may not be included.***
- ***And there are lots of financial decisions you will have to make…***

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Let's start with the health-care plan:

- ***And there are lots of financial decisions you will have to make…***
  - ***Choose to pay a higher monthly premium to get a lower annual deductible.***
  - ***What are the annual and lifetime out-of-pocket maximums?***
  - ***What are the co-payment amounts you pay for each visit?***
    - ***Think about which medical services YOU are most likely to need.***

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How do I decide which plan I want?

What if I choose the wrong plan – can I change my decision later?

- ***Health Savings Accounts (HSA)***
  - *You can contribute pre-tax dollars to an HSA to be used to pay co-pays, deductibles, other expenses*
  - *The money in the account can roll-over from year to year*
  - *Requires you to be part of a high-deductible health care plan*
- ***Flexible Spending Account (FSA)***
  - *You can contribute pre-tax dollars to an FSA to be used to pay co-pays, deductibles, other expenses*
  - *The money in the account DOES NOT roll-over from year to year*
  - *DOES NOT require you to be part of a high-deductible health care plan*

I am about to start a new job and my human resources advisor has warned me that I will have to make decisions about a company-provided retirement and health plans on my first day at work.

How do I decide which plan I want?

What if I choose the wrong plan – can I change my decision later?

Let's now talk about the retirement plan:

- ***If you're lucky, your employer will offer you the choice of a defined benefit plan (aka "pension") or a defined contribution plan (401(k), 403(b).***
  - *50 years ago, most employers only offered a pension. Today, most employers only offer a defined contribution plan.*
- ***For a pension, the most important word is "vesting"***
- ***For a defined contribution plan, the 2 most important words are "vesting" and "matching"***

Let’s now talk about the retirement plan:

- ***For a pension, the most important word is “vesting”***
  - ***The company will offer a payment upon reaching retirement age.***
  - ***This payment will be calculated based on some pre-determined formula.***
    - *Example: 2% of your salary x The number of years you worked for the company*
  - ***The company may require you to contribute a portion of your salary into the plan***
  - ***And then the company is responsible for managing the investments to make sure it has enough money saved to make all of the required pension payments***

  - ***Why is “vesting” the most important word with pension plans?***
    - *The plan will dictate how long you must be in the plan (and contributing) before you are eligible for retirement benefits.*
    - *This length of time is “vesting.”*
    - *If you leave the company before your benefits have fully vested, then you receive 0.00% of those benefits.*
    - *If you leave the company 1 day after your benefits have fully vested,
then you receive 100.00% of the promised benefits.*

- ***For a 401(k) or 403(b), the most important words are “vesting” and “matching”***
  - ***Vesting is generally the same as with a pension plan – when you receive benefits, kind of.***
    - ***Any contributions you make into the plan are always 100% vested. They always belong to you.***
    - ***But if the company makes any matching contributions, they may be subject to a vesting period. If you leave the company before the matches vest, you receive 0.00% of these matched contributions.***
  - ***Matching is (kind of) free money from your employer.***
    - ***The retirement plan will specify what percentage of your salary your employer will match as a contribution into your retirement plan.***
      - ***It’s a “match” because the company only contributes if you contribute first.***
    - ***Example: At UL Lafayette, I contribute 8% of my salary to my 403(b), the University will match with a 6% contribution. So I will end up with 14% of my salary going into a retirement plan.***
      - ***If I contribute 7% of my salary to my 403(b), the University will not match anything. So I will end up with 7% of my salary going into a retirement plan.***
  - ***Once your money is in your retirement plan, then the company will have a plan sponsor (e.g investment company) manage your account.***
    - ***But YOU are responsible for directing your money into a menu of investment options that the plan sponsor allows.***
    - ***These options will generally be mutual funds, not individual stocks, crypto, real estate, NFTs…***

More Frequently Asked Questions - #7

Why would you want to give up some of your hard-earned paycheck today in order to put it into a retirement fund that you may not touch for 40 years?

Two reasons: Matching & Tax-Deferral.

- *We saw how a company match can effectively increase your compensation*
- *Tax-Deferral is the other big advantage of retirement plans*
  - *Any money you contribute to a retirement plan today is before tax.*
  - *The before tax amount will be invested.*
  - *Your investments will grow at some rate of return over the long term until you retire.*
  - *When you reach retirement age (generally over 60), you can begin withdrawing money from your retirement plan*
    - *You will pay ordinary income taxes on these withdrawals*
    - *You will never pay capital gains taxes on how much your initial investments grew*

More Frequently Asked Questions - #8

I'm going to be a consultant and entrepreneur. Is there a way I can benefit with my own retirement plan even without an employer doing it for me?

Yes. How? With an IRA, Individual Retirement Account:

- ***A traditional IRA allows you to invest $6,500 of pre-tax money into a qualified account, and then you direct where you invest the money and how it grows***
  - ***You cannot access the money, without fees and taxes, until retirement***
  - ***There are income limits to whom can participate; very high income folks cannot participate***
  - ***You pay ordinary income tax when you withdraw the money in retirement***
- ***A Roth IRA allows you to invest $6,500 of after-tax money into a qualified account, and then you direct where you invest the money and how it grows***
  - ***The income limits are less than with a traditional IRA***
  - ***You do not pay any tax when you withdraw the money in retirement…because you already paid income taxes.***

A few concluding comments about retirement plans:

If possible, set up an IRA, a Roth IRA and take the maximum advantage of whatever retirement plan options your employer offers.

Why? Flexibility.

- ***If your income grows, you may make too much to get an IRA or Roth***
- ***Having different accounts with different tax rules allows you to choose how you withdraw money in retirement***
  - ***Imagine you do some work when you're 75 that pays you $200,000. You may choose to withdraw a lot from your Roth IRA (which will be tax-free) and less from your IRA (which will be taxed) so you can avoid claiming more income in a year when you're in a high-tax bracket.***
  - ***Then if you take the year off when you're 76, you'll drop down to a lower tax bracket, and you may choose to withdraw a lot from your IRA and a little from your Roth IRA.***

More Frequently Asked Questions - #9

How do we avoid getting a lowball job offer, given we are graduating students with little leverage and fewer resources, fewer options and less information?

More Frequently Asked Questions - #9

How do we avoid getting a lowball job offer, given we are graduating students with little leverage and fewer resources, fewer options and less information?

The financial planning answer:

- ***If you know what your budget is and what your short- and medium-term financial goals are, you can do the math to determine what the minimum compensation you need from any job.***
    - ***Include goals, family & partner situations, debt repayment, insurance and finally-living-like-an-adult expenses (such as eating less rice and ramen).***

More Frequently Asked Questions - #9

How do we avoid getting a lowball job offer, given we are graduating students with little leverage and fewer resources, fewer options and less information?

The career planning answer:

- *Know your value. Talk to other graduates. Talk to faculty. Talk to family. If possible, talk to other people who have been hired by the same company. Do your research.*
- *Put your emotional intelligence (EQ) to work to try to determine how much leverage you have. Try to get a sense of how much they want you.*
  - *In general, the higher the salary, the more they want you.*
  - *In general, the more they have invested in recruiting you, the more they want you.*
  - *Try to get a sense of how unique the position is.*
  - *Try to get a sense of what they would do if you asked for more money*
    - *Would they have to start the recruiting process over? Or is their second choice candidate simply a phone call away?*

More Frequently Asked Questions - #9

How do we avoid getting a lowball job offer, given we are graduating students with little leverage and fewer resources, fewer options and less information?

A very little bit of personal perspective

- *I have had 6 full-time jobs as an adult.*
  I have asked for more salary all 6 times.
  I have received more salary 5 out of 6 times.

- *Most employers will respect that you asked, even if they cannot meet your request. It suggests that you know your value – or value yourself more. Know your value.*
  - *Most of the people you're interviewing with have negotiated more salary in their lives, too.*

What Are Your Values, Dreams & Goals?

Education | Career | Family

What Is Your Current Situation?

Education | Career | Family | Financial

Work to live.
Live to Work.

You get to decide which approach works best for you.
We all spend 1/3 of our adult lives working.
And work gives us money to pursue our dreams and goals.
Make sure your work aligns with your values, gives you peace of mind, and gives your family comfort and opportunity.

Financial Wellness

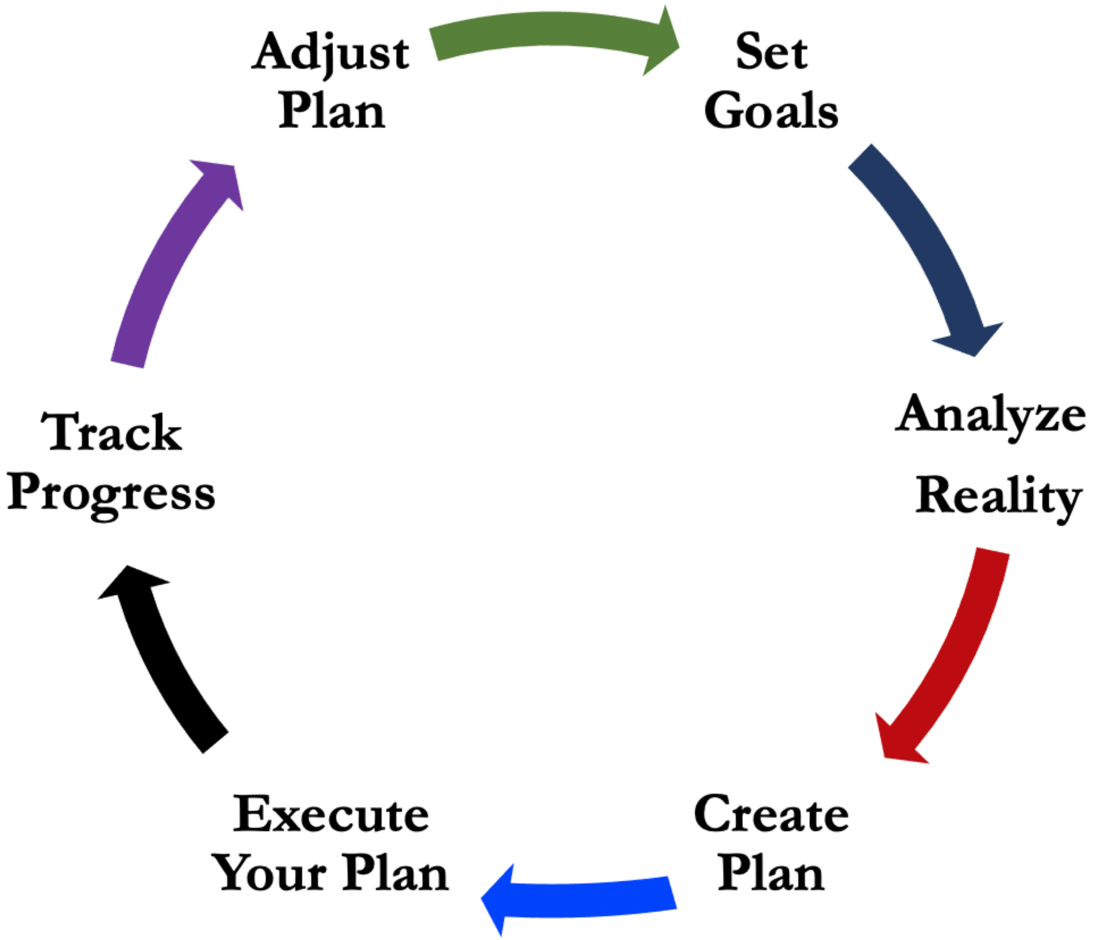
A goal without a plan is just a dream.

Wealth is largely the result of habit.

The most difficult thing is the decision to act; the rest is mere tenacity.

It takes as much energy to plan as it does to wish.

You cannot escape the responsibility of tomorrow by avoiding it today.



1. **Set your goals.** What do you want to achieve in life? What financial goals will make this happen?
2. **Analyze your reality.** What is your situation? What is your income? What are your expenses? When can you achieve your goals?
3. **Create your plan.** Focus on the short-term – the next 3-6 months – and the long-term – the next 1, 2, 5 and 10 years.
4. **Execute your plan.** Work to decrease your expenses. and to pay off debt. Work to increase your income and your savings.
5. **Track your progress.** How are you doing? Are you ahead of your goals? Are you behind your goals?
6. **Adjust your plan** to reflect your progress, your new reality and any new goals.
7. **Repeat. Revise. Enjoy.**

Isn't this a lot like what you do with your education planning?

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