

# Early Career Financial Planning

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# Plan for today:

- Discuss the implications of early career financial decisions
- Learn strategies for evaluating different job offers
- Identify resources for gathering data for negotiation





# Early Career Financial Decisions

How today's decisions can affect  
tomorrow's money

# What are some examples of employer benefits?

- Direct compensation
- Flexible work schedules
- Time off (sick, personal, holiday, unlimited?)
- Transportation
- Insurance
- Retirement



# Insurance

- Main purpose is to manage risk
- “Great risk shift”
- Many types of insurance
  - Health, dental, vision, perscription
  - Renters, homeowners
  - Car
  - Life
  - Disability



# What are the risks?

- Not having enough insurance
- Not having enough money to cover the insurance you need
- Debt from an unforeseen situation



# No “Right” amount of insurance

- Know your deductibles
- Understand your own risk tolerance
- Consider your life (your health, driving habits, area where you live, etc)
- Revise your insurance selections when your life changes





# Retirement

- More movement between employers in early career
- Vesting timeframe
- Employer matching
- Time value of money
- Compounding interest



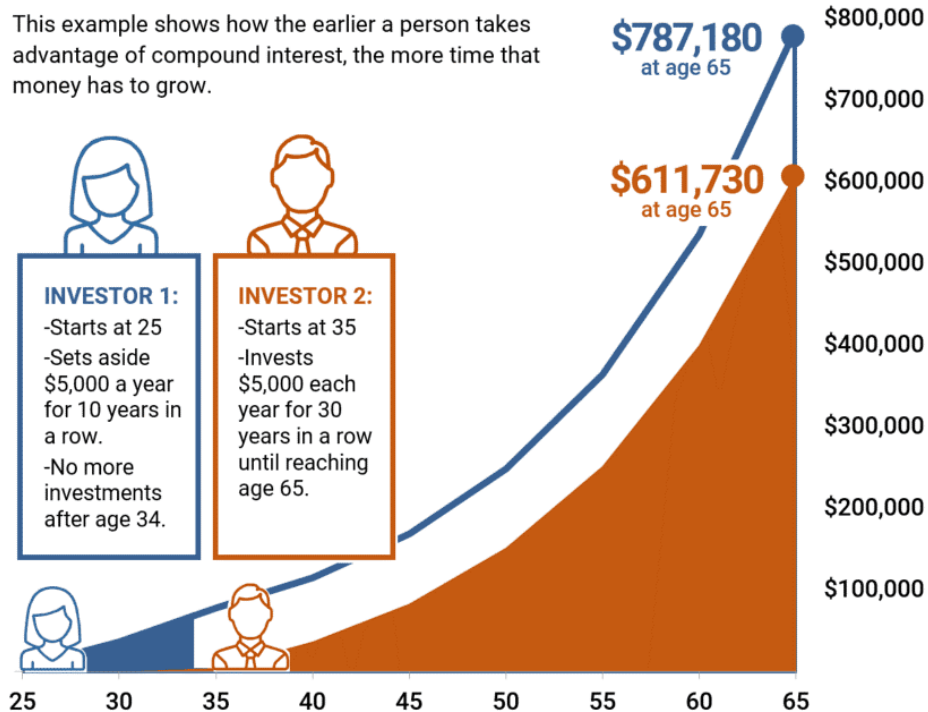
When it comes to investing, time is more important than overall amount!

Start early!



## COMPOUND INTEREST: WHO WILL EARN MORE?

This example shows how the earlier a person takes advantage of compound interest, the more time that money has to grow.



NOTES: Assumes an 8 percent interest rate, compounded annually. Balances shown are approximate.  
SOURCE: Author's calculations.



# Other forms of compensation?

- Compensation via stocks
- Student loan repayment
- Retirement matching for student loan payments
- Providing housing or transportation



# Student Loans as you near graduation

- Know your student loan balance
- Know your estimated monthly payment  
(starts 6 months after graduation)
- Know your repayment options



# Estimated Budget

- Rent (look at prices where you want to live)
- Transportation
- Student Loans
- Food

This is just the basics! But it will give you an idea of the salary you would need. You can always revise your expectations!



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# **Evaluating Job Offers**

# What do you want your life to look like?

- Work life balance
- Family support
- Travel
- Flexibility
- Pace of work
- Location
- Other benefits (tuition, etc)



# Factors to consider

- Compare cost of living in different locations
- Note which benefits are most important to you
- Calculate fair market value of non-traditional compensation
- Pros and cons list
- <https://www.nerdwallet.com/cost-of-living-calculator>





# Example

- Job A

- Pays 60,000
- Washington DC
- \$200 in transportation
- Matching up to 5%, 5 year vesting
- 15 days PTO

- Job B

- Pays 50,000
- Pittsburg PA
- On site childcare, included
- Matching up to 3%, 1 year vesting
- 10 days PTO



# Take a minute to think!

Take a few minutes and think about what you want your life to look like after graduation.

What kinds of employer benefits do you think would be important to you?





# **Negotiating During the Hiring Process**

# Know Your Negotiating Power

- First offer is rarely the best a company can offer
- Some benefits may not be mentioned unless you ask
- Know the market in your area and for your position
- Be able to articulate what unique skills you bring to the employer based on their needs
- Be ready to ask questions during the interview process



# Data sources

- <https://www.bls.gov/bls/blswage.htm>
- <https://www.forbes.com/advisor/business/employee-benefits/>
- <https://www.bls.gov/ebs/>



# Practice for yourself!

- Use one of the links provided to find some data about a career that interests you
- Find some data that you could use in your job search or negotiation
- Ask questions if you have them!



# Questions?



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