

# JOB OFFER COMPENSATION PACKAGES

A paycheck isn't the only type of compensation you can receive from a job. After graduation, full-time positions may offer you a variety of benefits, bonuses, perks, or incentives to make jobs more attractive. Students should consider all aspects of compensation when deciding whether to accept a job offer.

This resource provides students with terms commonly used in compensation packages, along with definitions to support informed decision-making.

## **Base Salary**

Base salary refers to a fixed amount of money earned from a job. Salary is often communicated as either the yearly amount received (annual salary) or the amount earned per hour worked (hourly wage). The terms 'gross' and 'net' are also important to understanding your salary:

- **Gross Income:** This is your salary before taxes and deductions, typically the salary that is communicated during a job offer.
- **Net Income:** This is the amount of money you will take home, or the amount of money deposited into your bank account after deductions. Net varies by tax bracket, withholdings (e.g., Social Security, insurance, 401(k) contributions), and state of employment.

Tip: If you are considering negotiating the base salary, ensure you research market data against your skills and experience. Tools like the [ETC Salary Calculator](#) can help you gauge typical salary ranges for your field, and [Career OneStop's Salary Finder](#), sponsored by the U.S. Department of Labor, provides wage data for over 800 occupations nationwide.

## **Variable Pay**

Some positions will offer additional compensation beyond the base salary in the form of performance incentives. This can take a variety of different forms:

- **Commission:** Earning a percentage of the sales you generate.
- **Bonus:** Receiving a lump sum of money as a new-hire incentive, or for good performance, either a predetermined amount or calculated as a percentage of base salary.
- **Stock Options:** Some companies offer the opportunity to purchase company stock at a predetermined price (strike price) lower than the price offered to the public. Unlike a bonus that provides immediate monetary benefit, stock options offer the potential for a return on investment if the company performs well. Stock options or equity usually vest over time according to a vesting schedule. They carry risk and fluctuate.

## **Benefits**

Benefits often exist as additional incentives beyond monetary gain to increase retention and promote employee well-being. Common benefits include:

- **Health Insurance:** Employers often bundle medical, dental, and vision coverage, and typically cover a percentage of premiums and/or a percentage of your medical expenses. Ensure you understand your out-of-pocket monthly cost, deductible, and employer contribution.
- **Life/Disability Insurance:** Job offers sometimes include life and disability insurance (short-term and long-term) as core benefits to provide financial security for employees and their families against death, injury, or illness. These are often employer-paid or subsidized and appear in the benefits section alongside health insurance and retirement plans.
- **Paid Time Off (PTO):** This is the amount of time you are offered to be away from the office. PTO often covers vacation and sick time; some employers also pay for holidays and bereavement separately.
- **401 (k) Retirement Account:** A 401 (k) lets you save part of your paycheck for retirement (tax-free until withdrawn). Many employers match your first 4-6%, which is "free money!" Example: Put in

\$3,000 on a \$60k salary, get a \$2,400 match (total \$5,400). Ask: When is the match fully yours? (It might take a few years.)

- **Tuition Reimbursement:** An offer that includes tuition reimbursement typically outlines financial support for an employee's education as part of the compensation package, helping cover the cost of college courses after certain conditions are met.
- **Health Saving Account (HSA) & Flexible Spending Accounts (FSA):** Both save taxes on medical bills (copays, glasses, braces), but you cannot have both.
  - **HSA:** For high-deductible insurance plans. Money rolls over forever, yours to keep forever (even invest it!).
  - **FSA:** Commonly available with many employer health plans; check your plan's specifics. Full amount available Day 1, but most FSAs require you to use funds within the plan year. You might pick this option if you know of big expenses (e.g., braces, daycare).
- **Parental Leave:** This benefit outlines paid time off for new parents (birth, adoption, or fostering). Parental leave varies widely by employer and state. Ask: How many paid weeks? What % of my pay? Can it stack with FMLA job protection? FMLA itself does not guarantee pay, only job protection.

### Perks

- **Flexible Scheduling:** Options like remote/hybrid work or travel reimbursement reduce commute costs and stress. Ask about flexible work options if this is an important factor for you.
- **Professional Development:** Sometimes employers will offer to cover the cost of certain training, certifications, licenses, or professional development. Other times, you might consider asking for this additional perk as part of your negotiation strategy.
- **Wellness Programs:** This perk might include access to a gym for free or a discounted gym membership, mental health days, or EAP counseling. Understand the value of these perks (e.g., \$500/year) since they could eliminate out-of-pocket expenses you might otherwise have.

### Example Compensation Package

Item	Value	Why It Matters
Base Salary	\$60,000	Your main paycheck
401(k) Match	\$2,400	Free money!
Health Insurance	\$6,000	The estimated value of what the employer pays for your plan (Ask how much you pay vs. how much they pay)
PTO (105 hrs.)	\$3,150	~4 weeks vacation + holidays
Perks	\$1,000	Gym, training, etc.
<b>Total</b>	<b>\$72,550</b>	21% more than salary!

### Big Picture

A \$60k salary might really be worth \$72k+. Ask: Can I see the full benefits summary? You might consider negotiating the TOTAL package, like more PTO or a flexible schedule, if the salary is firm.