Evaluating and Negotiating Job Offers

Receiving your first job offer is very exciting! While it can be tempting to accept an offer on the spot, it is important to give yourself time to evaluate an offer, even if it is your dream job and a higher offer than expected. Evaluating and potentially negotiating an offer allows you to determine if the offer meets your cost of living needs and is fair for the market. Below is information to help you think though a job offer. Also view an online salary negotiation workshop at umconnect.umn.edu/negotiation.

EVALUATING AN OFFER:
Not all job offers are alike. Many factors contribute to differences between companies or applicants within a company. Some typical factors include location, size and type of employer, and years of professional experience. When evaluating a job offer, you want to research all components of the offer to make sure they are fair and reasonable. If you have specific questions about an offer, contact the human resources department for that company.

You also want to reflect on whether the position and the company are a good fit for you. Below are some of the more typical aspects of an offer to evaluate and questions to consider.

BENEFITS (On average, benefits comprise approximately 20% of a total compensation package.):

Insurance:
• **Medical Coverage**: Does coverage begin immediately or is there a waiting period? What are the costs of each plan option?
• **Dental Coverage**: What type of out-of-pocket expenses are you responsible for?
• **Eye/Vision Coverage**: Some benefits packages do not include this benefit. Others are covered through medical.
• **Life Insurance**: Is coverage available?
• **Disability Insurance**: Short-term or long-term? Depending on your coverage and the plan offered by the employer, disability typically covers between 50 and 80% of your salary for a limited amount of time.

For descriptions of benefit terms, visit the Department of Labor website: bls.gov/ncs/ebs/glossary20092010.htm

Paid Time Off:
• **Vacation**: The average number is 10 vacation days and 7-9 paid holidays per year. Is there a waiting period before you can use them? Does unused time rollover to the next year?
• **Holidays**: This can vary widely between employer types.
• **Sick Leave**: Do unused days roll over to the next year? What can sick leave be used for?

Perks:
• **401(k)**: Does the employer contribute or match your investments?
• **Profit Sharing**: Does the employer reward employees when the company shows a profit?
• **Stock Options**: Are you given company stock to motivate strong work?
• **Moving Costs**: If you are relocating, will the company help with moving costs? If so, how much?
• **Tuition Reimbursement**: Many employers are willing to help cover the costs of receiving an advanced degree related to your position. Does the company offer tuition reimbursement, and if so, how much is covered and when can it be used?
• **Company Culture Factors**: Fitness center, daycare, cafeteria, work schedule, social organizations, and clubs

SALARY (On average, salary comprises approximately 80% of a total compensation package.):

Basics:
• How often are you paid, biweekly (26x per year) or twice monthly (24x per year)?
• **Salary Review**: When are you eligible for a raise (typically it is either six or 12 months)?
• **Signing Bonus**: If offered (most employers do not offer), when will it be distributed?
• **Taxes**: Factor state and federal taxes to help understand what your “take home” amount will be. Is it enough to cover your costs (housing, food, loans, entertainment, etc.)?

Cost of Living:
• Where you work/live impacts how much you are paid (New York City is more expensive to live in than Duluth, MN).
• Consider cost of living when comparing more than one job offer.

Employer Type:
• Typically expect for-profit companies to provide higher salaries than non-profits or government agencies.
• Small, mid-size, and large companies or corporations can also be expected to offer varying salary ranges.
WHEN AN OFFER IS MADE:

Often an employer will make a job offer over the phone. Don’t accept their offer on the spot; instead thank them and ask for the offer in writing. Also ask when they need a decision by. If you need more time, ask for it—up to one week is typically appropriate.

- Consider making a pros/cons list about the position and the company. Reflect on whether it is a company you want to work for (culture, size, industry type, location) and if the job duties are a good fit for you (matches your interests, strengths, values, and personality type).
- Evaluate the salary and benefits that the company is offering (see Pg. 1). Ask the company representative any questions you have that will help you make your decision. Do all negotiations before making a final decision.

If declining an offer: Call the company contact person and inform them that you will not be accepting the offer. Explain your reasons for not accepting and thank them for their time and the offer. If it is a company you are interested in maintaining a relationship with for future opportunities, let them know and stay in contact with them.

If accepting an offer: Call the company contact person and inform him or her that you will be accepting the offer. Once you accept the job offer, you are committed to the position and the company (don’t go back on your word). Often the company will have you sign a contract or offer letter. After accepting the position you should no longer pursue other employment opportunities and should cancel any upcoming interviews as well as withdraw any pending applications.

NEGOTIATING AN OFFER:

While it might not seem like a natural thing to do, negotiation is common between companies and potential employees. However, keep in mind that some employers may be able to negotiate while others cannot. In the case that the offer is non-negotiable, then you will need to decide whether the offer is acceptable to you or not. If the offer is negotiable, then you can begin the negotiation process. As the prospective employee, be sure to keep all conversations respectful, positive, and based on supporting evidence.

When to Discuss Salary:

- The most appropriate time to discuss salary is once an offer (preferably given in writing) has been made.
- If asked about salary requirements during an interview, most applicants respond with a salary range based on prior research or a comment such as “My salary requirements are flexible, and I am willing to discuss them further if a written offer is made.”

Do your Research:

- Research the market value of the position (see resources above). A 5-10% increase of the offer is typically reasonable to ask.
- Understand variables that might impact the offer (cost of living, size of employer, industry of employer).
- Consider aspects of the offer that might be negotiable besides salary (flexible work hours and moving costs are examples).

HOW TO NEGOTIATE:

To begin the process of negotiations, ask whether there is room to negotiate - “Is this offer firm?” “Could you tell me how you arrived at that number? I want this to work for both of us.” It is also reasonable to ask about the salary range for the position.

Begin negotiation with the person that called you with the offer (most typically the Human Resources representative).

If negotiating salary, give a range based on salary data and state that you are open to discussion and negotiation.

Remember to make your negotiation points based on what makes you unique from other candidates or qualified to earn a higher figure (years of experience, skills, internships, research, etc.). Don’t base a negotiation on financial gains, purchases you will need to make (new car or house), or average salary data you found online.

- Be respectful - if an employer thinks you are not negotiating in good faith, he or she has the right to rescind the offer.
- Do not lie about other offers to improve your position - some employers may ask you to prove it.
- Many students experience situations where they receive an offer while waiting to hear back from other companies. In these instances be aware of acceptance timelines, have open communications with all parties, and ask for extensions, if possible.

Example Negotiation Approaches

- “Based on my experience in this line of work and my current salary, I was expecting an offer in the range of $...”
- “Based on my research on salaries in this field and my understanding of the position responsibilities, I wonder if you will consider a salary in the range of $...”
- “At this time, I have been offered positions with your company and another organization. I have an offer with XYZ company for $... Would you be willing to match their offer?”
- “I was wondering if my annual performance review could be at six months instead of one year?”

SALARY BENCHMARKING RESOURCES:

The data on these sites should only be used to help benchmark average salaries, not as the only reason to ask for a higher salary.

**Bureau of Labor Statistics Employment Projections:** [bls.gov/oes]
**Bureau of Labor Statistics National Compensation Survey:** [bls.gov/ncs]
**Questions to Ask Yourself:** [careerplanning.about.com/od/joboffers/a/offer_questions]
**CSE Graduate Survey Salary Data:** [cse.umn.edu/average-starting-salaries-for-cse-graduates]
**Market Value of Position:** [careerwise.mnscu.edu] [salary.com] [payscale.com] [glassdoor.com]
**Cost of Living:** [costoflivingwizard.salary.com] [nerdwallet.com/cost-of-living-calculator] [bestplaces.net/cost-of-living/]

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