

Episode 99: What should you look for in compensation?

Often when we look at new jobs, the main thing we think about is the money. The reality is that while salary is often the largest part, other compensation may be more.

1. A Bonus

Depending on your role, your bonus could make up a large part of your package. For a sales rep, it can often add half, double or even more. Even as a professional, in a performance related world, a bonus can be a key part. The issue is not the amount but on what conditions it is paid. If it depends on something that's never going to happen, it's not worth considering. Just because it got paid before, does not mean it's going to be paid this year. Some Long Term Incentive programs actually pay out over a number of years. These require you to still to be at the company to get the money. Whatever it is, if possible, consider it as extra and not part of your guaranteed base.

2. The Benefits

In today's world, benefits like healthcare can be huge. Buying healthcare for your family can easily be over \$1000 a month. Add in life and travel insurance and you could be looking at a huge extra bill. While in large companies this is a given, they still have a cost and benefit. If not offered, subtract the cost from the base offer. Some companies offer even broader packages including things like crèches to concierges. Whether you see them as valuable is up to you - the employer will think they are.

3. Side agreements

Another part of your compensation might the terms under which you work. Some companies will ask for things like Non-compete Agreements - saying if you leave, you cannot work for a competitor. If you see contracts like this in your offer, you need to understand them. While initially they look like they have little value or cost, they can affect your ability to earn later. Anything that has a cost to you should have a benefit with it. Other contracts like those are ones around IP and Patents. It is unlikely that your prospective employer is trying to cheat you , but befor you sign a contract, let an attorney see it first. Another key area is shares or equity – more on that next time.

Bottom line: You need to review any compensation package both through your eyes as well as your prospective employer's and then consider the value of the whole package.

