

Job offer math:

What's the full value of a new opportunity?



Key takeaways

- A job offer should generally be evaluated based on total compensation, including unvested equity and employer contributions, not salary alone.
- A temporary gap in coverage can affect your household cash flow even when the new employer offers comparable benefits.
- Knowing what you're giving up can help clarify your priorities when negotiating a new offer.

Q4 can bring promotions, year-end bonuses and new opportunities to consider. If you're changing jobs, a higher salary or better title may make the move seem straightforward. But comparing offers based on salary alone can make it harder to determine whether the value of a new opportunity outweighs the cost of leaving your current employer.

That cost can include unvested equity and employer contributions, forfeited bonuses and benefits you'll need to replace during your career transition. Understanding

the full financial impact of changing jobs can help you compare offers more accurately and negotiate an offer that aligns with your overall financial picture.

Start with what you're leaving behind

Before comparing two offers, quantify what you would give up by leaving your current job. Look at compensation that has not yet been earned or vested, including:

- Unvested restricted stock units or other **equity awards**
- Unvested **401(k) contributions**
- Bonus or incentive compensation you would forfeit
- **Deferred compensation** or other benefits tied to continued employment

For equity, consider the current or estimated value of the portion you would forfeit, rather than relying solely on the original value of the grant. The type of equity and its terms can affect its worth, so consider how much remains unvested and what you would receive if you stayed. Then look at when each portion is scheduled to vest. If you're set to receive a substantial amount soon, leaving now could have a very different financial impact than leaving once that portion has vested.

If you're close to a bonus payout or employer contribution milestone, factor that into the comparison. Then look at when the new employer's bonus and equity would become available.

Factor in the benefits gap

If coverage from the new employer does not begin immediately, or if there is a significant time gap between jobs, you may need to account for the cost of interim health care, disability, life insurance and other coverage. This is especially important if other members of your household get their benefits through your employer. You may also want to compare differences in paid time off, retirement plans and other benefits.

The goal isn't to determine which employer has "better benefits." It's to understand how changing jobs affects your household's cash flow beyond your new salary.

Calculate your walk-away number

Once you have identified these numbers, add them together to estimate the financial cost of making the move.

For example, imagine you'd forfeit \$15,000 in unvested employer contributions and a \$20,000 bonus by leaving your current job. Additionally, interim benefits for your household would cost \$5,000. That brings the first-year cost of changing jobs to \$40,000. If the new employer offers a \$25,000 increase in salary and other first-year compensation, that may not fully offset the cost of the move.

While this gives you a useful comparison point, it shouldn't be treated as a pass-or-fail test. An offer that doesn't fully offset the cost of changing jobs may still be worthwhile if it offers stronger long-term compensation, career growth or other priorities that matter to you.

Likewise, an offer that exceeds those costs isn't automatically the right choice. Consider **the full value of the opportunity** before making your decision.

Consider the non-financial factors

Financial math is an important part of comparing a job offer, but it isn't the only consideration. A new opportunity can affect your quality of life in ways that may be difficult to quantify.

For both your current role and the new opportunity, consider factors such as:

- **Work environment and flexibility:** Hybrid or remote arrangements, commute time, typical hours and travel expectations.
- **People and culture:** Company culture, work environment and your relationship with your manager and teammates.
- **Growth and personal priorities:** Opportunities for professional development and how the role fits with your family, lifestyle and other priorities.

While they don't have a dollar value, these factors can affect whether the new role would align with what matters most to you. Considering them alongside the compensation package can give you a more complete view of the opportunity.



Look at the decision in the context of your household plan

A job change can affect more than compensation. It may change your savings rate, cash flow, benefits, tax situation or other household priorities. Taking the time to understand what you're giving up, what the new employer is offering and what you may be able to negotiate can help you evaluate the opportunity in the context of your financial situation.

You might also consider stress-testing the financial assumptions behind your new offer. Consider how taking the new job might affect your household if a bonus comes in lower than expected, equity doesn't perform as anticipated or some compensation takes longer to become available. This can help you understand whether the new compensation package works under a range of outcomes, not just the most favorable one.

If you're weighing a job offer, your advisor can help you consider its terms alongside your broader financial priorities and determine how the move may fit into your financial plan.

Negotiate the whole package

With the tradeoffs identified, you can focus on what may be negotiable in the new offer. You may want to discuss a sign-on bonus, additional equity, higher target bonus or other compensation that could help offset the costs. If you're close to receiving a bonus or vested equity, you might consider negotiating a later start date as well.

It can also help to compare how the compensation in your current role and your new offer will evolve over a set period, such as the next two or three years, rather than focusing only on first-year salary. This can make differences in vesting schedules, bonuses and equity easier to see.

You don't need to negotiate every element. Instead, focus on the parts of the package that will have the greatest impact on the cost of your career transition.

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