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Solution and Answer Guide

GARMAN/FOX, PERSONAL FINANCE 14E, CHAPTER 2: CAREER PLANNING

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ANSWERS TO CHAPTER CONCEPT CHECKS

LO2.1 Identify the key steps in successful career planning.

1. **What is *career planning* and why is it important?**

   Answer: Career planning provides a strategic guide for one's career through short-, medium-, longer-, and long-term goals as well as future education and work-related experiences. We cannot advance very far in planning our financial life without also planning a career that will earn an adequate income.

2. **How do your values and interests impact your lifestyle trade-offs in career planning?**

   Answer: It is impossible to do all things that might be desirable related to our career and balance our personal life, too. Thus, we must assess our values and interests and emphasize those efforts that are most important to us and trade-off those of higher importance for those of lesser importance.

3. **What can be done to enhance your abilities, experiences and education without working in a job situation?**

   Answer: It is important to take advantage of opportunities such as internships, volunteer opportunities, networking in professional associations, and getting the most we can out of our college courses.

4. **Is the gig economy, freelancing, or entrepreneurship for you? Why or why not?**

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   Answer: Student answers will vary on this question. Some will like the freedom and opportunities that the gig economy, freelancing, and entrepreneurship can provide. Others will like the security provided by full-time, consistent employment with one employer.

LO2.2 Analyze the financial and legal aspects of employment.

1. **Is college worth the cost? Why or why not?**

   Answer: College is always worth the cost. Income increases both with education level and age. In addition, those workers with more education find that their highest income years occur later in their careers and see their incomes stay high longer into their working years.

2. **How does one put a market value on an employee benefit?**

   Answer: One method is to place a market value on a benefit by determining how much the worker would have to pay to obtain the benefit on their own. A second method is to calculate the future value of employee benefits. This technique fits well for such benefits as a retirement plan or reimbursement for the costs of additional education.

3. **Give some examples of legal employment rights.**

   Answer: Legal employment rights include worker's compensation benefits for job-related illness and injuries, personal leave for family and medical problems, a continuation of health insurance for as long as 18 months after leaving an employer, and protection against unfair discrimination and against being harassed on the job.

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LO2.3 Practice effective employment search strategies.

1. **Offer suggestions on correctly assembling a résumé and what style formats are available.**

   Answer: Résumés should be developed according to one of three formats (chronological, skills, or functional) according to our assessment of the desires of prospective employers. Use keywords from the job description in a résumé so that they can be picked up by a computer scan.

2. **Give examples of how to identify specific job opportunities.**

   Answer: Ways to learn about job opportunities include attendance at career fairs, classified ads in the newspaper or trade publications, using an employment agency, and searching the Internet.

3. **Give three suggestions on how to succeed in an interview.**

   Answer: The wording of student answers will vary. The essence should be to do research before the interview, compile personal stories that speak to skills and abilities, be prepared to ask questions, prepare responses to anticipated interviewer questions, and create positive responses to negative questions.

4. **Explain how to compare salary and living costs in different cities.**

   Answer: Salary offers in different cities must be adjusted to reflect the relative living costs in those cities. Several websites are available to provide indexes of the cost of living. To compare City 1 to City 2, multiply the City 1 salary times the result of dividing the index for City 2 by the index for City 1. If the result is higher than City 2, then City 1 has a better-adjusted salary.

5. **Give two career advancement tips.**

   Answer: One career advancement tip would be to volunteer for new assignments. This would show an employer that we are willing to put our own job on the line for the good of the employer. A second tip would be to attend professional meetings and conferences in our field. This would show an employer that we are interested in learning as much as possible about our field and be a good ambassador for our employer. A third tip would be to take advanced college courses and/or complete a graduate degree. This would not only benefit our current employer but would also position us for promotions or better jobs with another employer.

LO2.5 Make good decisions about employee benefits.

1. **What is a flexible spending account and what do pretax dollars have to do with it?**

   Answer: A flexible spending account (FSA), also called a flexible spending arrangement, is a sum of money that the employee sets up at the start of each year that can then be used during the year to pay for health care- and/or dependent-care related items. Such an account relates to pretax dollars because the money put into the account is sheltered from income taxation because it is not included in one's taxable income for the year.

2. **Summarize the benefits of participating in a high-deductible health care plan at work.**

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Answer: A high-deductible health plan would lower your health care premiums. To take advantage of this we would also want to set up and fund a health savings account (HSA) where we can place pretax dollars to await any deductibles or uncovered health care expenses that might occur later.

3. **Create a math example of why many employees participate in a tax-sheltered employee benefit plan, such as an HSA or 401(k) plan.**

   Answer: One example could be depositing $4,000 into a 401(k) plan annually. Doing so would reduce our taxes for the year by $1,000 if we were in the 25 percent tax bracket ($4,000 × 0.25). Thus, in effect, we are only contributing $3,000 and the government is providing the other $1,000.

4. **List two ways we can maximize the benefits from a tax-sheltered retirement program.**

   Answer: The first way would be to tax shelter any funds put into the programs. The second would be a sheltering of the income earned over the years from the interest or dividends earned by the assets invested in the plan.

LO2.6 Identify the professional certifications of providers of financial advice.

1. **How does a professional financial planner differ from a local lawyer of insurance person in the community?**

   Answer: A professional financial planner differs from a local lawyer or insurance person in that they are professionally trained and certified in all areas of a client's financial life and develop plans and strategies that take all areas into account. An attorney or an insurance agent has specialized knowledge.

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2. **What are the four different ways financial planners may be compensated?**

   Answer: Financial planners can be compensated solely for the commissions from the sale of financial products. They can be compensated by an up-front fee plus commissions from financial products they might sell. They can be compensated by an annual or hourly fee that might be offset if the client purchases financial products from the planner. Finally, they can be compensated solely for the fee they charge their clients for the services provided.

3. **Describe two professional certification programs for financial planners.**

   Answer: Two professional certification programs for financial planners are the Certified Financial Planner (CFP) and NAPFA Registered Financial Advisor (NRFA) programs. Both require passage of an exam or exams, a minimum number of years of experience, continuing education in the field, and adherence to a code of ethics.

4. **List three questions that every person should ask a financial planner**.

   Answer: Answers may vary, but three of the most important questions are the professional experiences of the planner, how the planner is compensated, and the planner's qualifications to practice financial planning.

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What Do You Recommend Now?

Now that you have read the chapter on the importance of career planning, what do you recommend to Nicole Linkletter in the case at the beginning of the chapter regarding:

1. **Clarifying her values and lifestyle trade-offs in career planning?**

   Answer: Nicole might make two lists to clarify her thinking. (1) Her top five list of values and (2) the lifestyle options that are most important.

2. **Enhancing her career-related experiences before graduation?**

   Answer: Nicole could have a discussion with her academic adviser seeking suggestions for her to obtain additional opportunities for career-related experiences before graduation. Nicole could visit her college and/or university career center in her college to take advantage of their services and resources.

3. **Creating career plans and goals?**

   Answer: To begin the process of creating her career plans and goals, Nicole could review the occupations in Table 2.1 identify some careers of interest, communicate with friends who graduated in previous years about their jobs and avocations, and do some thinking about how an avocation might be related to a future career path.

4. **Understanding her work-style personality?**

   Answer: Nicole should fill out the work-style personality worksheet

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5. **Identifying job opportunities?**

   Answer: To identify job opportunities, Nicole might review the occupations in Table 2.1 as well as search for useful information using careers fairs, classified advertisements, employment agencies, and the Internet.

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Let's Talk About It

1. **Interviewing Tips.** List three interviewing tips for new college graduates looking for employment when in many parts of the country a growing job market exists.

   Answer: During all types of economic times, employers will want to make especially sure that a new hire will be a successful addition to the team. To beat the other applicants for the job we must communicate that we are genuinely interested in the job and want to move up the ladder at the company. We need to also let them know that we are a person with a positive attitude and a team player. Demonstrate that we have a thorough knowledge of the company and the challenges it is facing as well as the skills we have that can help the company meet those challenges.

2. **Interview Mistakes.** Thinking about some common mistakes that people make in job interviews, which three are the worst? Make a short list of things people should do to improve success in an interview.

   Answer: Common interview mistakes include not knowing enough about the prospective employing organization; being unprepared to sell us through our abilities,

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skills, and experience; not having clear career plans and goals; a lack of enthusiasm; and not making eye contact. Ten things people could do to enhance interview success include (1) researching the company history, (2) knowing its profitability and place among its competitors, (3) being able to ask the interviewer questions, (4) telling specific stories that illustrate our abilities and experiences, (5) being able to identify our strengths, (6) being able to tell about a particularly difficult problem on a previous job and how we handled it, (7) acknowledging weaknesses but explaining how we have taken steps to overcome them, (8) making a good positive impression with a firm handshake and confident tone of voice, (9) practicing our interview skills in advance, and, finally, (10) sending a warm thank-you note after the interview. We also want to display enthusiasm and look the interviewers in the eye.

3. **Career Trade-offs.** People regularly make decisions in career planning that have trade-offs. Identify some benefits and costs people are faced with as well as two lifestyle trade-offs.

   Answer: Three trade-offs include urban/rural settings, near/far from relatives, and warm/cold climates. For the first, we will have higher transportation costs for fuel if we live in the country but lower costs for parking and insurance. Psychic and lifestyle trade-offs will depend on whether we prefer open spaces and natural surroundings or the hustle and bustle and richness of city life. For the second, the economic aspects might relate to travel to family events. Psychic and lifestyle trade-offs will depend upon the size and closeness of our family relationships. For the third, the economic trade-offs will include the cost of appropriate clothing and heating and cooling costs. Lifestyle tradeoffs will depend on our preference for leisure and physical recreation options specific to each climate.

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4. **Keeping Track Topics.** Review the task areas in the Decision-Making Worksheet "Keeping Track of Your Job Search" on page 53 and identify what you think are the three that are likely the most difficult for people to accomplish. For each of the three, offer a suggestion that might help people accomplish the task.

   Answer: The items that are most difficult to accomplish will vary from student to student. While the question asks for the ones that are the most difficult for people in general, the students will be revealing what *they* feel are the most difficult when they make their selections. Having them offer suggestions provides a way for them to begin their own self-improvement.

5. **Assessing the Benefits of a Second Income.** Adding a second part-time income to a family either by having another person work or by working two jobs often seems to be a good way to add financial resources. But the impact is not always as large as people hope. Review the example given in the "Run the Numbers" box on page 47 and discuss the pros and cons of a second income in that example.

   Answer: This is a potential "Class Activity" exercise related to page 47 in the text.

   The most obvious benefits of a second income are the salary and employee benefits that the second worker receives. But these are offset by taxes, additional transportation, and commuting costs, work-related meals, clothing, and other expenses.

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6. **Interviewing Mistakes.** Recall an interview for a job you did not get. What happened to cause it to go wrong? Was there anything you could have done differently/better to prepare?

   Answer: Student responses will vary.

Do The Math

1. **Economic Trade-off of Graduate School.** Jessica Sotomajor, of Bangor, Maine, works for a military contractor and hopes to earn an extra $1,000,000 over her remaining 30-year working career by going back to school to obtain a doctoral degree. If her income projection is correct, that's an average of over $33,000 more income a year. Jessica's employer is willing to pay half, or $45,000, toward the $90,000 cost of the annual Ph.D. program, so she must pay $45,000 of her own money. Jessica wonders if the expected extra income would warrant spending the money to get the Ph.D. Jessica's decision demonstrates that earlier work clarifying her values and lifestyle landed her in a career she finds so rewarding that she wants to continue to invest in it through advanced education (LO1). This decision also demonstrates that creating career plans and goals doesn't end after graduation, it is ongoing throughout one's career (LO2 and LO3).
   a. What is the forgone lost future value of her $45,000 over the 30 years at 6 percent? (Hint: See Appendix A.1.)
   b. What would be the forgone lost future value of $90,000 over 30 years if Jessica had to pay all the costs for her doctoral degree? (Hint: See Appendix A.1.)
   c. Advise Jessica as to what she should do.

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   Solution: This is a potential "Class Activity" exercise related to page 34in the text.
   a. The forgone lost future value of the $45,000 is $258,458 ($45,000 × 5.7435).
   b. The forgone lost future value of the $90,000 is $516,915 ($90,000 × 5.7435).
   c. Jessica would be wise to take the opportunity to obtain a Ph.D. degree. She would also need to consider the impact of any potential reduction of income while obtaining the degree. However, this reduction is still unlikely to make the decision financially unsound. With all decisions, the opportunity costs should also be considered.

2. **Comparing Salary Offers.** Using Equations (2.1) or (2.2), if the cost-of-living index was 132 for Chicago and 114 for San Antonio, compare the buying power a $50,000 salary in Chicago with a $47,000 offer in San Antonio. This cost-of-living exercise helps a person clarify their values and lifestyle trade-offs (LO1).

   Solution: This is a potential "Class Activity" exercise related to page 60 in the text. $50,000 × (114 ÷ 132) = $43,182. Thus, the Chicago salary as adjusted falls below the San Antonio salary, and the San Antonio salary is the better offer.

3. **Future Value of Employer's Match.** Future Value of Employer's Match. Tyler Winkle's employer in Pittsburgh makes a matching contribution of $2,000 a year to his 401(k) retirement account at work. If the dollar amount of the employer's contribution increases 4 percent annually, how much will the employer contribute to the plan in the twentieth year from now? (Hint: See Appendix A.1) An employer-sponsored retirement account, and especially when there is a matching contribution, should be a part of evaluating our job opportunities (LO2 and LO5).

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Solution: The employer match in 20 years would be $4,382 ($2,000 × 2.1911).

4. **Cashing Out 401(k) Plan.** Emily Amarrada of Sioux City, South Dakota has accepted a new job and is thinking about cashing out the $30,000 she has built up in her employer's 401(k) plan to buy a new car. If, instead, she left the funds in the plan and they are projected to earn 6 percent annually for the next 30 years, how much would Emily have in her plan? (LO2) (Hint: See Appendix A.1.)

   Solution: This is a potential "Class Activity" exercise related to page 68in the text. Her $30,000 would grow to $172,305 ($30,000 × 5.7435) if she left the money in the plan.

Employee Benefits Decision. Ramon Alvarez, of Juneau, Alaska, signed up for his employer's flexible spending account plan primarily because he can use the money to pay for unreimbursed medical expenses for himself and his disabled son. Ramon is in the 15 percent marginal tax bracket, pays Social Security payroll taxes of 7.65 percent, and pays a 4 percent state income tax rate. How much will he save in income taxes by participating in the program this year in the amount of $3,000? How much would Ramon save if he was in the 22 percent federal marginal tax bracket (LO4)?

Solution:
This is a potential "Class Activity" exercise related to page 68 in the text.
Ramon will save $570 ($3,000 × 0.19) if he is in the 15 percent federal income tax bracket and with a state income tax of 4 percent. He would save $580($2,000 × 0.29) if he were in the 25 percent federal income tax bracket. Note that there are no savings related to the Social Security payroll taxes when one tax-shelters income.

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FINANCIAL PLANNING CASES

CASE 1: Harry and Belinda Johnson's Family Might Have a Career Change

Harry has started out fine in his career as his responsibilities have increased since he began working there about five years ago. Belinda recently attended a conference for those in her stock brokerage field and by chance she dropped in at the "career search" room. She saw job opportunities there that fit her skill set that offered salaries of $78,000 to $80,000 in nearby Parkville, Missouri, only about a 30-minute commute away.

a. If a new employer offered Belinda $80,000 to move and the relative cost index for the new community was 122, how does that compare to her current salary of $77,000 in Kansas City assuming the index in the latter is 116?
b. Do you think she should take the new job? Give three reasons why or why not?

Solution:

a. $80,000 × (116 ÷ 122) = $76,066. Thus, the Parkville salary as adjusted falls below the Kansas City salary and she would take a pay cut to move.
b. The Parkville salary as adjusted falls below the Kansas City salary and she would take a pay cut to move. She would only move if there were other nonfinancial reasons for moving.

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CASE 2: Victor and Maria Hernandez Consider a Career Change

Victor is somewhat satisfied with his sales career and has always wondered about a career as a teacher in a public school. He would have to take a year off work to go back to college to obtain his teaching certificate, and that would mean giving up his $53,000 salary for a year. Victor expects that he could earn about the same income as a teacher.

a. What would his annual income be after 10 years as a teacher if he received an average 3 percent raise every year? (Hint: Use Appendix A.1.)

b. Victor also could earn $4,000 each year teaching during the summers. What is the accumulated future value of earning those annual amounts over 10 years assuming a 5 percent raise every year? (Hint: Use Appendix A.3.)

Solution:

a. $71,227 ($53,000 × 1.3439)

b. $50,311 ($4,000 × 12.5779)

CASE 3: Julia Price's Career Plans Change

Julia has recently undergone a severe career crisis. After nearly ten years as a professional engineer, her position was phased out by her company due to a loss of government contracts, and she has been offered a position in the marketing department. The new job will require that she interact with purchasing agents for various companies that are current and potential customers of her company. The job pays more but will require considerable travel. She will be using her engineering background, but the primary tasks all will relate to presenting herself and her company in the best possible light to these other firms. Julia thinks she should take the new job and make a personal commitment to doing it for one year and, if she does not truly enjoy the work, seek a new engineering job within her company or at another employer. Offer your opinions about her thinking.

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Solution:

Julia is wise not to prematurely rule out the career change. The new job will be challenging but it will also allow Julia to broaden her experience. The days of being able to work the same job and maintain a direct career path from graduation through to retirement are long gone. Taking the time to see what comes of the new job will provide Julia with the perspective to reevaluate the change in one year.

CASE 4: Matching Yourself with a Job

After completing his associate of arts degree four months ago from a community college in Oklahoma City, Oklahoma, Juan Ramirez has answered more than three dozen advertisements and interviewed three times in his effort to get a sales job, but he has had no success. Juan has never done sales work before, but he did take some business classes in college, including "Personal Selling." After some of the interviews, Juan telephoned some of those potential employers only to find that even though they liked him, they said they typically hired only those people with previous sales experience or who seemed to possess terrific potential.

a. If Juan actually were well suited for sales, which work values and work-style factors do you think he would rate as "very important"?

b. What would you recommend to Juan regarding how to find out about the depth of his interest in a sales career?

c. Assuming Juan has appropriate personal qualities and academic strengths to be successful in a sales career, what additional strategies should he consider to better market himself?

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Solution:

a. A review of the work-style personality worksheet, particularly with the help of a career adviser, might show Juan that those well suited for a career in sales would mark as "very important" factors such as material gain, achievement and recognition, public contact, group membership, and helping others.
b. In addition to filling out the work-style personality worksheet to see if he rates key sales-related factors highly, Juan also could interview people who are currently employed in sales, make a list of his abilities and experiences, list his most important values, visit the career center on his college campus, and take an interest inventory.
c. Juan could begin by aligning himself with tomorrow's employment trends in the field of sales, and then take steps to network with people who might help him secure a position. It also would be smart for him to research certain employers and target those of the most interest.

CASE 5. Career Promotion Opportunity

Nina and Ting Guo of Lima, Ohio, have been together for eight years, having married five years after completing college. Nina has been working as an insurance agent ever since. Ting began working as a family counselor for the state of Ohio last year after completing his master's degree in counseling. Recently Nina's supervisor commented confidentially that he was going to recommend Nina to be the next person promoted, given a raise of about $15,000, and relocated to the home office in Portland, Oregon. Nina thinks that if offered the opportunity she would like to take it, even if it means that Ting will have to resign from his new job.

a. What suggestions can you offer Nina when she gets home from work and wants to discuss with her husband her likely career promotion?
b. What lifestyle factors and benefits and costs issues should Nina and Ting probably discuss?

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Solution:

This is a potential "Class Activity" exercise related to page 37 in the text.

a. Nina and Ting are dual-earner households, and such couples are especially challenged when one person's career opportunity conflicts with the other persons. Nina might suggest that the two of them take 30 minutes to have an initial discussion of her forthcoming career opportunity and what it might mean to their family. Being honest and respecting the feelings and opinions of the other person. Subsequent planned conversations to review the pluses and minuses of the opportunity will help.
b. This would be a good time for them to reexamine their values and the costs and benefits and lifestyle trade-offs of moving to Portland, Oregon.

EXTENDED LEARNING

1. **Interview a Human Resource Manager.** Use the Internet and/or Yellow Pages to find a local company that employs people in your prospective career field. Request a brief interview with the human resource manager. Ask about salary levels, employee benefits, and the career ladder. Make a written summary of your findings.

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Solution:
Students should prepare a summary of the interview with a human resource manager with responses to the questions listed in this exercise. Students should also provide contact information about the manager and his/her business card.

2. **Prepare a Résumé.** Using the Monster. com find a job listing for a position in your career field. Prepare a resume for the job. Review Figures 2-3, 2-4, and 2-5 on pages 49, 50 and 51 and create or update your resume accordingly. Take the job listing and documents to your faculty advisor or campus career center and ask for feedback.

   Solution:
   This is a potential "Class Activity" exercise related to page 49 in the text.
   The résumé should be in one of the styles described in the text and conform to standard requirements for grammar, spelling, and clarity.

3. **Cover Letter.** Review Figure 2-6 and create or update a sample cover letter to accompany your resume when applying for a job.

   Solution:
   This is a potential "Class Activity" exercise related to page 55 in the text.
   The cover letter should address the specifics of the job listing for which the student has developed the letter.

4. **Where Do You Want to Live?** It is highly likely that one of the best job opportunities for you at graduation will require that you move away from your hometown and/ or where you went to college. While that new location is unknown now, it is not too early to begin thinking of where you might need and/or want to live. Use the list of websites on page 00 to compare housing costs, quality of life issues, and moving costs for three cities of interest to you.

   Solution:
   This is a potential "Class Activity" exercise related to page 60 in the text.

   Student responses should address the cost of housing, quality of life issues, quality of schools, and moving costs for the five cities chosen.

5. **Clarify Your Values.** To help you clarify your values, review the section titled "Clarify Your Values and Interests" on pages 34 and 35 and make a list of your 10 most important ones.

   Solution:
   This is a potential "Class Activity" exercise related to page 35 in the text.
   Student responses will vary.

6. **Trade-Offs.** To clarify your lifestyle trade-offs, review the section titled "Lifestyle Trade-offs" on page 00 and given the list make a list of your choices for trade-offs.

   Solution:
   This is a potential "Class Activity" exercise related to page 37 in the text.
   Student responses will vary.

7. **Anticipated Interview Questions.** Review the questions in the section on "Prepare Responses for Anticipated Interview Questions" on page 58 and write out concise sample responses to each question.

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Solution:
This is a potential "Class Activity" exercise related to page 58 in the text.
Student answers will vary.

8. **Name Some Possible Mistakes.** Stanford University professors Bill Burnett and Dave Evans bring a fresh perspective to career advice. Their book, *Designing Your Life: How to Build a Well-Lived, Joyful Life*, offers a series of self-evaluation exercises about treating life in a more improvisational way. You can make mistakes. Failure is good. List two mistakes that you might make soon after graduation, and then record what potential solutions might result.

   Solution:
   Student answers will vary.

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Purpose and Perspective of the Chapter

The purpose of this chapter is to identify the key steps in successful career planning. This includes identifying key skills, interests, education, and experiences along with employment trends to determine a career plan. The chapter also covers employment search strategies from resume to interview to offer acceptance. After employment, the potential benefits you are offered are covered, including health insurance and retirement plans. Finally, the chapter reviews the services and fees of financial advisors.

Chapter Objectives

The following objectives are addressed in this chapter:

1. Identify the key steps in successful career planning.
2. Analyze the financial and legal aspects of employment.
3. Practice effective employment search strategies.
4. Make good decisions about employee benefits.
5. Identify the professional certifications of providers of financial advice.

Chapter Outline

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The following outline organizes activities (including any existing discussion questions in PowerPoint slides or other supplements) and assessments by chapter (and therefore by topic), so that you can see how all the content relates to the topics covered in the text.

Introduction

Distinguish between a career and a job.

To Do Soon!

1. Prepare your résumé.
2. Visit one of your professors to request and attain a mentoring relationship.
3. Contact your school's placement office to explore careers in your field.
4. Continue your professional education.
5. Join a professional association relevant to your career and attend one of its meetings.

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2.1. Developing your career plan. (PPT Slide #4)

2.1a. Clarify your values and interests.

2.1b. Consider your current interest and possible career opportunities.

2.1c. Identify one or more desired career fields.

> Benefits and costs
> Is a no-limits job for you
> Lifestyle trade-offs
> The cost of career coaching

2.1d. Review your abilities, experiences, and education.

> Abilities and aptitudes
> Experiences
> Education and professional training

2.1e. Know your preferred work-style personality.

2.1f. Take advantage of professional and social networking.

2.1g. Prospective employers can check your credit report.

2.1h. Align yourself with tomorrow's employment trends.

> Table 2-1 provides a list of high-wage, high-growth occupations.

2.1i. Freelancing in the "gig economy" and entrepreneurship.

2.1j. Finalize your career plan.

> Figure 2-2 provides illustrative goals and a career plan.

Discussion Activity 1, PPT Slide #12

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- Which of these steps have you experienced?
- Which were most helpful?
- What steps would you add or remove from the process?
- What resources or websites have you found helpful in your career search?

Concept Check 2.1

1. What is career planning and why is it important.
2. How do your values affect your trade-offs in career planning?
3. What can be done to enhance your abilities and experiences without working in a job situation?
4. Is the gig economy, freelancing, or entrepreneurship for you? Why or why not?

2.2. The financial and legal aspects of employment.

2.2a. Is college worth the cost?

2.2b. Place dollar values on employee benefits.

> Place a market value on the benefit.
> Calculate the future value of the benefit.

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2.2c. Know your legal employment rights.
- > Unemployment insurance
- > Workers' compensation benefits
- > Employer payments into your Social Security account

Concept Check 2.2

1. Is college worth the cost? Why or why not?
2. How does one put monetary value on an employee benefit?
3. Give some examples of legal employment rights.

2.3. Practice effective employment search strategies.

2.3a. Assemble an attention getting résumé.
- > Figures 2-3, 2-4 and 2-5 provide sample résumés.

2.3b. How to search for and target preferred employers.

2.3c. Identify specific job opportunities.
- > Via the Internet, career websites, and job boards
- > Via career fairs
- > Via classified advertisements
- > Via employment agencies

2.3d. Write an effective cover letter.
- > Table 2-6 provides a sample cover letter.

2.3e. Obtain strong reference letters.

2.3f. Formally apply for the job.

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2.3g. Interview for success.
- > Five points to raise in an interview.
- > Do lots of research before the interview.
- > Prepare responses for anticipated interviewer questions.
- > Create positive responses to negative questions.
- > Compile revealing personal stories.
- > Prepare questions to ask the interviewer.
- > Be honest on personality tests.
- > Be ready for telephone interviews.
- > After the interview, evaluate it and send a thank-you note.

Discussion Activity 2, PPT Slide #22

Interviews can be stressful.

Search online to find most challenging or strangest interview questions. How would you answer them?

2.3h. How to compare salary offers.

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> Compare salary and cost of living.
> More money does not buy happiness.
> Compare other community resources.

2.3i. Ask for the job.
2.3j. Wait and be patient.
2.3k. Negotiate and accept the job.
> How to say “no” when you have multiple job offers.
> What to do if you accepted a job and a better one is offered,
> How to deal with rejection.

2.3l. How to move up at work.
2.3m. Getting paid “right” in your job.
2.3n. Periodically update your career plan.

Concept Check 2.3

1. Offer suggestions on correctly assembling a résumé and what style formats are available.
2. Give examples of how to identify specific job opportunities.
3. Give three suggestions on how to succeed in an interview.
4. Explain how to compare salary and living costs in different cities.
5. Give two career advancement tips.

2.4. Money decisions at work.

2.4a. Includes wages, salaries, commissions, can also include:

- Paid vacation
- Sick days
- Health insurance
- Retirement plan
- Other benefits

2.4b. Cafeteria plans: allow employees to select benefits from a list.

Flexible spending accounts: Pretax money for selected expenses.

Healthcare plans: consider deductibles and out-of-pocket costs; may also have a health savings account to help save for health expenses.

2.4c. Retirement plans: help save for retirement with these advantages:

- Tax-deductible contributions
- Employer’s matching contributions
- Employer’s contribution not currently taxable
- Tax-deferred growth
- Borrowing comes without income taxes

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- Starting early really pays you 1 million dollars.

Concept Check 2.4

1. What is a flexible spending account, and what do pretax dollars have to do with it?
2. Summarize the benefits of participating in a high-deductible healthcare plan at work.
3. Create a math example of why many employees participate in a tax-sheltered employee benefit plan, such as an HAS or 401(k) plan.
4. List two ways we can maximize the benefits from a tax-sheltered retirement program.

2.5. Expert financial advice

2.5a. Financial planner: Evaluates the finances of an individual or family and recommends strategies to set and achieve long-term financial goals.

2.5b. Standards for recommendations

- Suitability standard: advisor can sell securities that generate cash to the advisor if securities are suitable for client.
- Fiduciary standard: advisor must act in best interest of the client.

2.5b. Compensation in one of four ways:

- Commission only – Good when have few transactions.
- Fee-based – Can have unlimited consultations.
- Fee-offset – Fee is reduced as investments are traded.
- Fee-only – Reduced conflict of interest in recommendations

2.5c. Financial planner professional certifications

There are a variety, including:

- Certified financial planner
- Chartered financial consultant
- Investment advisor
- Registered investment advisor

2.5d. Questions for a financial planner

Experience?

Qualifications?

Cost of initial meeting?

Fiduciary standard?

Frequency of evaluations?

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How identify client goals?

Fee structure?

Written agreement?

Regulatory disclosure form?

To whom would I take a complaint?

Concept Check 2.5

1. How does a professional financial planner differ from a local lawyer or insurance person in the community?
2. What are the four different ways financial planners may be compensated?
3. Describe two professional certification programs for financial planners.
4. List three questions that every person should ask a financial planner.

What Do You Recommend Now?

Now that you have read this chapter, what do you recommend to Nicole Linkletter regarding:

1. Clarifying her values and lifestyle trade-offs?
2. Enhancing her career-related experiences before graduation?
3. Creating career plans and goals?
4. Understanding her work-style personality?
5. Identifying job opportunities?

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Discussion Activity 3, PPT Slide #36

- Consider your current career plans or status.
- Which of the strategies described do you believe will be most helpful?
- Describe how career advancement has changed in the past 10 years.

Additional Activities and Assignments

The following are activities and assignments not included in the text, PPTs, or courseware--they are for you to use if you wish.

1. Allocate classroom time to have the students work in groups or individually on one or more of the end-of-chapter exercises highlighted by the “Class Activity” icons on pages 75–79 of the Garman/Fox text. These activities are

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designed to foster enhanced understanding and analytical skills. To ensure maximized outcomes, you can assign reading of the pages indicated in the icons for the chosen exercise(s).

2. Engage in a classroom discussion of one or more of the "Let's Talk About It" exercises found at the end of the chapter on pages 75 of the Garman/Fox text.
3. Assign as homework one or more of the "Be Your Own Financial Manager" exercises found at the end of the chapter on page 77–78 of the Garman/Fox text.
4. Students should have visited your school's Career Services office. What did they find? Was it helpful? Why? Not helpful? What did they expect? Were they introduced or given an opportunity to set up appointments with employers?
5. Have the students think of a successful person they know well, or maybe just someone they have read about whom they believe to be successful. Why is this person successful in their opinion? Write all of the characteristics of this person that they feel make that person successful. What did they learn from that exercise? Could they emulate?
6. Projecting out 10 to 20 years, which industries do your students think may have (1) disappeared, (2) changed beyond recognition, (3) significant job opportunities, and (4) desirable long-term growth?
7. Ask a financial planner to come to class to discuss their career to this point and future plans.
8. Visit the website resumetemplates.org and explore the free résumé templates for various careers. Then ask students to bring their résumés to class to share and critique.
9. Search the websites for the Occupational Outlook Handbook **https://www.bls.gov/ooh/**) and the Occupational Outlook (**https://www.bls.gov/careeroutlook/**) for information on careers for the majors typical for your students.
10. Go to the following websites for information on city salaries and living costs:

    CityRating.com (**www.cityrating.com/costofliving.asp**).

    Moving.com (**www.moving.com/find_a_place/relosmart/rs.asp**)

    homefair.com (**http://www.homefair.com/real-estate/city-profile/index.asp**)

    Salary.com (http://swz.salary.com/CostOfLivingWizard/layouthtmls/coll_statebrief_A.html)

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11. Visit the websites for monster.com and careerbuilder.com to illustrate the attributes of these job and career planning resources.

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