

FINANCIAL ASPECTS OF CAREER PLANNING

CHAPTER OVERVIEW

A person's career and work situation is frequently overlooked in financial planning. Your career will influence the financial resources you have available for spending, savings, and investing. In addition, a career interacts with a person's lifestyle, interests, and values, all of which influence financial decisions. This chapter provides a basic understanding of career planning, job selection, and obtaining an employment position. Included is practical information regarding career information sources, creating a résumé and cover letter, and interviewing. In addition, material on evaluating a job offer, assessing financial benefits, and considering a career change is presented.

LEARNING OBJECTIVES

CHAPTER SUMMARY

After studying this chapter, students will be able to:

<i>LO 2-1</i> Describe the activities associated with career planning and advancement.	Career planning and advancement involve the following stages and activities: (1) assess and research personal goals and abilities and career fields; (2) evaluate the employment market and identify specific employment opportunities; (3) develop a résumé and cover letter for use in applying for available positions; (4) interview for available positions; (5) evaluate financial and other factors of the positions you are offered; and (6) plan and implement a program for career development.
<i>LO 2-2</i> Evaluate the factors that influence employment opportunities.	Consider the selection of a career in relation to personal abilities, interests, experience, training, and goals; social influences affecting employment such as demographic trends, changing economic conditions, and industrial and technological trends.
<i>LO 2-3</i> Implement employment search strategies.	For successful career planning and development, do the following. Obtain employment or related experiences by working or by participating in campus and community activities. Use career information sources to gain insight into employment fields and to identify job opportunities. Prepare a résumé and cover letter that effectively present your qualifications for a specific employment position. Practice the interview skills that project enthusiasm and competence.
<i>LO 2-4</i> Assess the financial and legal concerns related to obtaining employment.	Evaluate the work environment and compensation package of prospective places of employment. Assess employee benefits on the basis of their market value, future value, and taxability and of your personal needs and goals. Prospective and current employees have legal rights with regard to fair hiring practices and equal opportunity on the job.

LEARNING OBJECTIVES

LO 2-5 Analyze the techniques available for career growth and advancement.

CHAPTER SUMMARY

Informal and formal education and training opportunities are available to foster professional development and to facilitate career changes.

INTRODUCTORY ACTIVITIES

- Ask students to comment on their responses to the “My Life” chapter opening exercise (p. 47).
- Point out the learning objectives (p. 47) in an effort to highlight the key points in the chapter.
- Ask students to provide examples of common concerns regarding obtaining employment and career advancement.
- Point out common methods for obtaining career planning information.

WHAT'S NEW TO THIS EDITION

Topics, Features	Benefits for the Teaching-Learning Environment
<i>New content:</i> The "skills gap"	Informs students of the difference between skills needed by employers and the skills possessed by applicants.
<i>Updated content:</i> Career trends	Provides an update on the careers expected to have the most demand in the future.
<i>Revised content:</i> Entrepreneurial Career Options	Encourages students to become a small business owner, such as a <i>social entrepreneur</i> to mix traditional business practices with innovation to address concerns such as hunger, disease, poverty, and education.
<i>New feature:</i> How to...Update Your Career Activities	Emphasizes both the career planning actions from the past that are still valid along with other actions to compete in a changing employment market.
<i>New content:</i> Business cards in an age of social media	Offers insights about the importance of business cards in an age of various online networking tools.
<i>New content:</i> Connecting experience and organizational needs	Assists students in better communicating their background in relation to the job description in their cover letter, resume, or interview.
<i>Revised content:</i> Developing a Resume	Enhanced an reorganized coverage of resume content, types, preparation, and submission.
<i>New visual:</i> Resume makeover	Communicates actions that may be taken to update and restructure a resume.
<i>New content:</i> Your career brand	Provides suggestions for creating and communicating a professional image.
<i>Revised visual:</i> Cover letter	Includes a bulleted link to highlight and communicate key experiences and competencies.
<i>New content:</i> Preparing for a Skype interview	Suggests actions to take when preparing for and participating in an online interview.
<i>New content:</i> How to...Prepare for a Case Interview	Offers an overview of actions to take when required to use your analytical and decision-making abilities in a job interview.

CHAPTER 2 OUTLINE

- I. Career Choice Factors
 - A. Trade-offs of Career Decisions
 - B. Career Training and Skill Development
 - C. Personal Factors
 - D. Career Decision Making
- II. Career Opportunities: Now and in the Future
 - A. Social Influences
 - B. Economic Conditions
 - C. Industry Trends
- III. Employment Search Strategies
 - A. Obtaining Employment Experience
 - 1. Part-Time Employment
 - 2. Volunteer Work
 - 3. Internships
 - 4. Campus Projects
 - B. Using Career Information Sources
 - 1. Library Materials
 - 2. Media Career Information
 - 3. Online Sources
 - 4. Career Development Office
 - 5. Networking
 - C. Identifying Job Opportunities
 - 1. Job Advertisements
 - 2. Career Fairs
 - 3. Employment Agencies
 - 4. Job Creation
 - 5. Other Job Search Methods
 - D. Career Strategies in a Weak Job Market
 - E. Applying for Employment
- IV. Financial and Legal Aspects of Employment
 - A. Accepting an Employment Position
 - 1. The Work Environment
 - 2. Factors Affecting Salary
 - B. Evaluating Employee Benefits
 - 1. Meeting Employee Needs
 - 2. Comparing Benefits
 - C. Your Employment Rights

- V. Long-term Career Development
 - A. Training Opportunities
 - B. Career Paths and Advancement
 - C. Changing Careers

CHAPTER 2 APPENDIX: Résumés, Cover Letters, and Interviews

- I. Developing a Résumé
 - A. Résumé Elements
 - B. Types of Résumés
 - C. Résumé Preparation
 - D. Résumé Submission
- II. Creating a Cover Letter
 - A. Introduction
 - B. Development
 - C. Conclusion
- III. The Job Interview
 - A. Preparing for the Interview
 - B. The Interview Process

CHAPTER 2 LECTURE OUTLINE

I. CAREER CHOICE FACTORS (p. 48)

- Like any other decision, employment selection involves a trade-off among various factors and requires an ongoing reassessment of the situation.

Trade-offs of Career Decisions (p. 48)

- While many factors affect your daily living habits and your financial choices, your employment situation probably affects them most.
- Like other decisions, career choice and professional development alternatives have many risks and opportunity costs. The many career choices you make will require continual evaluation of trade-offs related to personal, social, and economic factors.

Instructional Suggestions

- **Text Highlight:** Page 48, points out some common trade-offs that are associated with career decisions.
- **Discussion Question:** How might different people measure career success?
- **Use PPT slides 2-2 to 2-6.**
- **Discussion Question:** Should everyone go to college? Name other alternatives for advanced career training.

CHAPTER 2 LECTURE OUTLINE

Career Training and Skill Development (p. 48)

- Your level of formal training is a determinant of your financial success.
- In addition to formal career training, most successful people, employers, and career counselors, stress the importance of certain traits that are adaptable to most work situations; these include:
 - an ability to work well with others in a variety of settings
 - a desire to do tasks better than they have to be done
 - an interest in reading a wide variety and a large quantity of materials
 - a willingness to cope with conflict
 - an ability to anticipate problems
 - a knowledge of technology and computer software
 - an ability to solve problems creatively in team settings
 - a knowledge of research techniques and library resources
 - effective written and oral communication skills
 - an understanding of both their motivations and the motivations of others

Personal Factors (p. 49)

- **Aptitudes** are natural abilities that people possess.
- Interest inventories determine the activities that give you the most satisfaction.
- A vital ingredient in career choice is flexibility, since change will be an integral part of your working life and the job market.

Career Decision Making (p. 51)

- Because of changing personal and environmental factors, you will need to continually assess your work situation.

Instructional Suggestions

- **Current Example:** Career planning success can be improved if you:
 - choose a growing industry
 - choose a growing geographic area
 - take a national perspective
 - stay competitive
 - emphasize learning
 - acquire new skills
 - reevaluate your career

- **Use PPT slide 2-7.**

- **Text Highlight:** The "Financial Planning for Life's Situations" feature (p. 50) allows students to conduct a S-W-O-T analysis for career planning activities.

- **Use PPT slide 2-8.**
- **Practice Quiz 2-1** (p. 51)

CHAPTER 2 LECTURE OUTLINE

II. CAREER OPPORTUNITIES: NOW AND IN THE FUTURE (p. 52)

- Your decision to work in a specific field is influenced by three factors.

Social Influences (p. 52)

- Various demographic and geographic trends are influencing employment opportunities.
- More working parents, increased leisure time, an increase in the number of older people, and increased demand for employment training are some trends affecting the job market.
- With more college-educated people entering the work force, the job market is becoming more competitive.
- Changes in location of job and regional salaries influence employment opportunities and demand for available positions.

Economic Conditions (p. 52)

- In certain industries, high interest rates, price increases, or reduced demand for goods and services can restrict career opportunities.

Industry Trends (p. 53)

- Increased foreign competition and changing automation have reduced the demand for manufacturing jobs.
- Fields that are expected to have the greatest employment potential in the near future are:
 - information technology
 - health care and medical technology
 - environmental services
 - business services
 - social services
 - sales and retailing
 - hospitality and food services
 - management and human resources
 - education
 - financial services

Instructional Suggestions

- **Use PPT slides 2-9, 2-10.**
- **Text Highlight:** Page 52 presents a list of some demographic trends that are affecting career opportunities.
>>Ask students to name other societal trends affecting job opportunities.
- **Discussion Question:**
What actions could a person take to have skills that are always in demand?

- **Use PPT slide 2-11.**
- **Text Highlight:** The “Financial Planning for Life’s Situations” feature on page 54 discusses entrepreneurial career options.
- **Supplementary Resource:** The *Occupational Outlook Quarterly* may be accessed at www.bls.gov/oco
- **Use PPT slide 2-12**
- **Practice Quiz 2-2** (p. 54)

CHAPTER 2 LECTURE OUTLINE

III. EMPLOYMENT SEARCH STRATEGIES (p. 55)

- A variety of techniques can assist you in expanding your experience, assessing employment opportunities, and applying for your next position.

Obtaining Employment Experience (p. 55)

- Work experience may be gained through:
 - part-time or summer employment
 - cooperative education programs
 - internships
 - volunteer work
 - class assignments
 - campus projects and activities

Using Career Information Sources (p. 55)

- The main sources of career information are:
 - library materials
 - media career information
 - online sources
 - career development office
 - **Networking** is the process of making and using contacts to obtain and update career information, through community organizations, professional associations, and business and personal contacts.
 - An **informational interview** is a meeting designed to gather information about a career or organization.

Identifying Job Opportunities (p. 59)

- Advertisements for employment opportunities were previously found in newspapers and other print media. While some still exist, nearly all job listings are now online.
- In addition to newspaper websites, check for available positions offered through professional organizations, trade associations, online sources, and the contacts you develop through campus activities and career fairs.
- In an attempt to work in a specific career or for a particular company, match your interests and abilities with the needs of an organization.
- For-profit and government-supported employment agencies are another source of finding available positions.

Instructional Suggestions

- **Exercise:** Have students suggest school, work, or community activities that can help develop work-related and organizational experiences.
- **Use PPT slides 2-13 to 2-16.**
- **Current Example:** When using career contacts:
 - * talk to as many people as possible
 - * follow up on leads
 - * attempt to get a face-to-face meeting
 - * send thank you notes immediately
 - * ask "If you were in my situation, what would you do next?"
 - * get additional names
 - * ask contacts for their opinions before making career decisions
 - * notify your contacts of your career development
- **Use PPT slide 2-17.**

CHAPTER 2 LECTURE OUTLINE

- After researching a particular company or industry, design a presentation that communicates how your abilities could contribute to that organization. **Job creation** involves developing an employment position that matches your skills with the needs of an organization.
- With a very large percentage of available jobs not advertised to the general public, other job search techniques should be considered.
- Visit places you would like to work and make face-to-face contacts.
- Consider every type of organization for available positions.
- Develop a job description outlining the skills you can offer.
- Work as many hours a week *getting* a job as you expect to work *on* the job.

Applying for Employment (p. 61)

- The **résumé**, a summary of education, training, experience, and qualifications, provides prospective employers with an overview of your potential contributions to an organization.
- A **cover letter** is the correspondence you send with a resume to communicate your interest in a job and to obtain an interview.
- The *interview* is the formal meeting used to discuss your qualifications in detail.

(See chapter Appendix for additional information on résumés, cover letters, and interviews.)

Instructional Suggestions

- **Use PPT slide 2-18.**
- **Text Highlight:** The “How To...” feature on pages 57-58 provides suggestions for new approaches for career planning activities.
- **Practice Quiz 2-3** (p. 61)

CHAPTER 2 LECTURE OUTLINE

IV. FINANCIAL AND LEGAL ASPECTS OF EMPLOYMENT (p. 62)

- Carefully assess the organization, the specific employment position, and the salary and other financial benefits when evaluating an employment position.

Accepting an Employment Position (p. 62)

- Before accepting a position, you may want to do further research about the job and the company.
- You should look into company policies and procedures.

Evaluating Employment Benefits (p.62)

- Financial benefits may be viewed in three time frames:
 1. Immediate, or short-term, benefits include salary and other monetary payments.
 2. Interim benefits include holidays, vacation, insurance, tuition reimbursement, and discounts.
 3. Long-term benefits involve profit sharing and retirement programs.
- Your initial salary will be influenced by your education and training, company size, and salaries for comparable positions.
- Performance quality and work responsibilities are the main influences on salary advances.
- **Cafeteria-style employee benefits** are programs that allow workers to base their job benefits on a credit system and personal needs; the system allows flexible selection of employee benefits.
- Many organizations offer *flexible spending plans*, also called *expense reimbursement accounts*. This arrangement allows employees to set aside part of their salary for paying medical or dependent care expenses.
- Two methods may be used to assess the monetary value of employee benefits:
 1. **Market value** calculations determine the specific monetary value based on the cost if the employee has to pay for the item.
 2. **Future value** calculations can enable you to assess the long-term worth of such employee benefits as pension program and retirement plans.
- A **tax-exempt** benefit is one on which you won't have to pay income tax, but a **tax-deferred** benefit will result in the payment of income tax at some time in the future, such as at retirement.

Instructional Suggestions

- Use PPT slide 2-19
- Use PPT slide 2-20.
- **Assignment:** Have students talk to various employees to determine why they enjoy their place of employment.
- **Text Highlight:** "Financial Planning for Life's Situations" (p. 63) suggests employee benefits for individuals in different life situations.
- **Text Highlight:** "The Financial Planning Calculations" feature (p. 65) may be used to compare the value of tax-free and taxable employee benefits.

CHAPTER 2 LECTURE OUTLINE

Your Employment Rights (p. 64)

- You have various legal rights both during the hiring process and on the job; these include:
- no discrimination in the selection process
- minimum wage and overtime time in certain situations
- workers' compensation, social security, and unemployment insurance.

Instructional Suggestions

- **Practice Quiz 2-4** (p. 65)

CHAPTER 2 LECTURE OUTLINE

V. LONG-TERM CAREER DEVELOPMENT (p.65)

- Every day of your work life, you can perform duties that will contribute to your career success. Communicating and working well with others will enhance your chances for financial advancement and promotion.

Training Opportunities (p. 66)

- Society requires a continual updating of information and skills.
- Various methods for updating and expanding your knowledge are available. Formal methods include company development activities, seminars offered by professional organizations, graduate, and advanced college courses. Informal methods for obtaining knowledge include reading and discussion with colleagues.

Career Paths and Advancement (p. 66)

- Like any other financial decisions, previous employment decisions must be reevaluated in light of changing values and goals and of changing economic and social conditions.
- A successful technique for coping with the anxieties associated with career development is to gain the support of an established person in your field. A **mentor** is an experienced employee who serves as a teacher and counselor for a less experienced person in a career field.

Changing Careers (p. 66)

- Changing jobs may be more difficult than selecting your first job. Indications that it is time to move on include:
 - weak motivation
 - emotional distress
 - poor performance evaluations
 - a lack of social interactions
 - limited opportunity for advancement
 - a poor relationship with your superior
- Carefully assess the financial and personal costs and benefits of changing careers; then determine whether a career change will serve your needs and goals and those of your household.

Instructional Suggestions

- **Discussion Question:** Is a person's advancement in an organization usually the result of skills and initiative or personal contacts?
- **Use PPT slides 2-21 to 2-26**
- **Discussions Question:** What factors can contribute to an individual's frequent job changes, despite many successes in past positions?
- **Current Example:** About 10 percent of the work force changes jobs each year. This involves people who are young with higher levels of education. Individuals with specific training and who are established in a profession are less likely to change careers.
- **Practice Quiz 2-5 (p. 68)**

CHAPTER 2 LECTURE OUTLINE

Instructional Suggestions

RÉSUMÉS, COVER LETTERS, AND INTERVIEW

Developing a Résumé (p. 75)

- Prospective employees must market themselves to potential employers.
- A résumé is a summary of your education, training, experience, and other job qualifications. The main components of a résumé are:
 - the personal data section
 - the career objective
 - education section
 - experience section
 - related information section
 - references
- The **chronological résumé** presents your education, work experience, and other information in a reverse time sequence (the most recent item first).
- The **functional résumé** is suggested for individuals with diverse skills and time gaps in their background
- A *combination résumé* brings together the chronological and functional types. With this blended format, you first highlight skills and experience relevant to the position. This is followed by your employment history section, which reports specific experiences that match the requirements for the job.
- A **targeted résumé** highlights the capabilities and experiences most appropriate to the available position.
- A **targeted application letter** describing specific experiences and accomplishments can be used in some situations.
- A **career portfolio** can provide tangible evidence of experience and competencies by providing a résumé, coverletter, answers to sample interview questions, letters of recommendation, research reports, presentations, and creative works.
- A **social résumé** involves the use of LinkedIn, Twitter, and other social media networks to communicate career competencies.

Creating a Cover Letter (p. 80)

- A **cover letter** is designed to express your interest in a job and obtain an interview; this communication accompanies your résumé.
- The three main sections of a cover letter are:
 - The introductory paragraph to get the reader's attention with the reason for writing by

- **Text Highlight** (Exhibit 2-B) provides suggested actions to update a résumé.

- **Use PPT slides 2-27 to 2-29.**

- **Use PPT slide 2-30.**
- **Text Highlight:** Exhibit 2-C (p. 80) presents a sample cover letter.

referring to the job or type of employment in which you are interested.

- The development section should highlight the aspects of your background that specifically qualify you for the job..
- The concluding paragraph should request action from the employer. Ask for the opportunity to discuss your qualifications and potential with the employer in more detail. Include information to make contacting you convenient.

The Job Interview (p. 81)

- Prepare for the interview by obtaining additional information about your prospective employer. Try to obtain information about the company's past developments and current situation.
 - Develop questions that you would like to ask the interviewer.
 - Successful interviewing requires practice. By using a recorder or working with friends, you can develop the confidence needed for effective interviewing.
 - The **screening interview** is an initial meeting, usually brief, with applicants that is designed to reduce the pool of job candidates to a workable number.
 - The **selection interview** usually involves a series of activities-responses to questions, meetings with several people, and a seminar presentation.
 - **Behavioral interviewing** is used to better evaluate an applicant's on-the-job potential. Prospective employees are asked how they might handle various work situations. Behavioral interview questions typically begin with "describe" or "tell me about . . ." to encourage interviewees to better explain their work
- **Text Highlight:** Exhibit 2-D (p. 82) lists common interview questions.
 - **Exercise:** Have students prepare written or oral answers to some of the interview questions in Exhibit 2-E.
 - **Use PPT slides 2-31. 2-32.**
 - **Current Example:** Hiring employers want the following:
 - * "friendly, out-going people who can make decisions and solve problems"
 - * "well-rounded people with good grammar, good grooming, and business judgment"
 - * "I will hire attitude before experience."
 - * "strong computer and math skills"
 - * "We look at your school activities."
 - **Text Highlight:** The "How To..." feature (p. 85) provides as the case interview process, which some students may experience in their futures.

CONCLUDING ACTIVITIES

- Point out the chapter summary (p. 69) and key terms in the text margin.
- Use the “My Life Stage” feature (p. 68) to highlight the main financial planning activities from the chapter for various ages and life situations.
- Discuss selected end-of-chapter Financial Planning Problems, Financial Planning Activities, and Life Situation Case.
- Use the Chapter Quiz in the *Instructor’s Manual*.

WORKSHEETS FROM PERSONAL FINANCIAL PLANNER FOR USE WITH CHAPTER 2

Use the “Your Personal Financial Planner in Action” (p. 73) activities to encourage students to plan and implement various personal financial decisions.

Sheet 6	Career Area Research Sheet
Sheet 7	Making Career Contacts
Sheet 8	Résumé Worksheet
Sheet 9	Planning a Cover Letter
Sheet 10	Researching a Prospective Employer
Sheet 11	Preparing for an Interview
Sheet 12	Employee Benefits Comparison
Sheet 13	Career Development and Advancement

CHAPTER 2 QUIZ ANSWERS

True-False

1. T (pp. 48-49)
2. F (p. 50)
3. F (p. 59)
4. T (p. 77)
5. T (p. 83)

Multiple Choice

6. C (p. 50)
7. C (p. 52)
8. A (pp. 56)
9. D (p. 76)
10. A (p. 83)

Name _____

Date _____

CHAPTER 2 QUIZ

TRUE-FALSE

- ____ 1. Education level is a major influence on a person's potential earning power.
- ____ 2. Aptitude tests measure a person's interests related to different types of work.
- ____ 3. An informational interview has the purpose of obtaining employment in a specific job position.
- ____ 4. A chronological résumé is most appropriate for individuals with a continuous school and work record leading to a specific career area.
- ____ 5. The purpose of a screening interview is to reduce the number of candidates for a job to a workable number.

MULTIPLE CHOICE

- ____ 6. An interest inventory is designed to measure
 - a. aptitudes.
 - b. future earning power.
 - c. the most satisfying job activities.
 - d. success in various school courses.
- ____ 7. An example of a social influence on career opportunities would be
 - a. foreign competition.
 - b. lower interest rates.
 - c. longer life expectancy.
 - d. increased automation of office skills.
- ____ 8. Professional associations would be most helpful in career planning by
 - a. providing information on training for a career area.
 - b. listing jobs available for graduating students.
 - c. assisting in finding government employment.
 - d. interviewing prospective employees for companies.
- ____ 9. The item least likely to be included on a résumé is
 - a. school experience.
 - b. community service activities.
 - c. a home address.
 - d. references.
- ____ 10. A(n) _____ interview is designed to judge the potential of final candidates for a job position.
 - a. selection
 - b. informational
 - c. screening
 - d. initiative

SUPPLEMENTARY ACTIVITY

How Satisfying Is Your Current Job?

For each of the following items, answer yes or no:

Yes	No	
___	___	1. I enjoy the work I'm doing.
___	___	2. I have opportunities to develop my special talents.
___	___	3. My job is usually challenging.
___	___	4. The pay and financial benefits are appropriate.
___	___	5. I have good job security.
___	___	6. I rarely have conflicts on the job.
___	___	7. There are reasonable opportunities for promotion.
___	___	8. Promotions are handled fairly.
___	___	9. Management appreciates my efforts.
___	___	10. I get enough direction and support from management.
___	___	11. My work environment is friendly and congenial.
___	___	12. I can choose when I want to take time off.

If you answered:

Yes 9-12 times	—	You are relatively happy and satisfied in your work.
Yes 6-8 times	—	Like most people, your job has good and bad points. Make efforts to improve any areas of major concern.
Yes 3-5 times	—	Your job is only tolerable. Try to reposition your duties or consider a move.
Yes 0-2 times	—	This job is not meeting your needs. A change is almost inevitable. Consider retraining or an advanced degree.

ANSWERS TO PRACTICE QUIZZES, FINANCIAL PLANNING PROBLEMS, FINANCIAL PLANNING ACTIVITIES, FINANCIAL PLANNING CASE, AND CONTINUING CASE

PRACTICE QUIZZES

Practice Quiz 2-1 (p. 51)

1. How does a *job* differ from a *career*?

A job is an employment position that is usually obtained mainly for money. In contrast, a career is a commitment to a profession that requires continued training and offers a clear path for occupational growth. (p. 48)

2. What opportunity costs are associated with career decisions?

Career trade-offs include making less money for personal satisfaction, not taking a promotion that requires moving, working part-time in order to spend time with family, and owning your own business instead of working for someone else. (p. 48)

3. What skills would be of value in most employment situations?

Working well with others, a desire to improve, a wide variety of reading interests, coping with conflict, adapting to change, anticipating problems, computer knowledge, working in teams, creative problem solving, research ability, communication skills, and understanding motivation. (p. 49)

Practice Quiz 2-2 (p. 55)

1. What are some examples of demographic and economic factors that affect career opportunities?

The availability of jobs is affected by economic conditions (interest rates, consumer demand) and social influences (two-income families, single parent households, people living longer).

2. How does technology affect employment positions?

Technology decreases the need for manual workers and increases the need for technical skills.

Practice Quiz 2-3 (p. 61)

1. How can a person obtain employment-related experiences without working in a job situation?

Employment-related experiences may be obtained through an internship program, cooperative education, volunteer work with community organizations, class assignments, and campus activities. (p. 55)

2. What types of career information sources can be helpful for identifying job opportunities?

Helpful career information sources include library materials, newspapers, magazines, the Internet, career development office, community organizations, professional associations, and business contacts. (pp. 55-56, 59)

3. How does the information in a cover letter differ from the information in a résumé?

The cover letter points out and expands on specific training and experiences listed in the résumé that are important in the employment position for which a person is applying.

Practice Quiz 2-4 (p. 65)

1. How does a person's life situation determine the importance of certain employee benefits?

Personal needs and those of other household members will influence the selection of various employee benefits. Different life situations will affect a person's emphasis on insurance benefits, child and dependent care benefits, and opportunities for additional vacation time or advanced training. (pp. 62-64)

2. What methods can be used to measure the monetary value of employee benefits?

Market value and future value calculations can be used to compare employee benefits. (p. 64)

Practice Quiz 2-5 (p. 68)

1. What types of activities would you recommend for people who desire career advancement and professional growth?

For increased personal and economic career advancement, improved daily work habits can be a key to success. In addition, improvements in your communication and human relations skills are also beneficial. Continuing education such as personal study, formal courses, and professional seminars will also increase your chances of financial and economic advancement. (p. 66)

2. What factors should a person consider before changing jobs or career fields?

A person should consider the personal and financial costs of the job change along with determining how the new situation will serve personal needs and goals. (pp. 66-67)

FINANCIAL PLANNING PROBLEMS (p. 71)

1. *Determining the Future Value of Education.* Jenny Franklin estimates that as a result of completing her master's degree, she will earn \$7,000 a year more for the next 40 years.

- a. What would be the total amount of these additional earnings?
- b. What would be the *future value* of these additional earnings based on an annual interest rate of 6 percent? (Use Table 1–B in the Chapter 1 Appendix.)

Solution:

a. $\$7,000 \times 40 = \$280,000$

b. $\$7,000 \times 154.760 = \$1,083,320$

LO: 2-1

Topic: Determining the Future Value of Education

LOD: Medium

Bloom tag: Application

2. *Comparing Living Costs.* Brad Edwards is earning \$45,000 a year in a city located in the Midwest. He is interviewing for a position in a city with a cost of living 12 percent higher than where he currently lives. What is the minimum salary Brad would need at his new job to maintain the same standard of living?

Solution: $\$45,000 \times 1.12 = \$50,400$

LO: 2-2

Topic: Comparing Living Costs

LOD: Easy

Bloom tag: Application

3. *Calculating Future Value of Salary.* During a job interview, Pam Thompson is offered a salary of \$28,000. The company gives annual raises of 4 percent. What would be Pam's salary during her fifth year on the job?

Solution:

Year 1: \$28,000

Year 2: $\$28,000 \times 1.04 = \$29,120$

Year 3: $\$29,120 \times 1.04 = \$30,284.80$

Year 4: $\$30,284.80 \times 1.04 = \$31,496.19$

Year 5: $\$31,496.19 \times 1.04 = \$32,756.04$

(Alternate solution: $\$28,000 \times 1.170$ (FV\$1 4%, 4 years) = \$32,760)

LO: 2-3

Topic: Calculating Future Value of Salary

LOD: Medium

Bloom tag: Application

4. *Computing Future Value.* Calculate the future value of a retirement account in which you deposit \$2,000 a year for 30 years with an annual interest rate of 6 percent. (Use the tables in the Chapter 1 appendix.)

Solution: $\$2,000 \times 79.058 = \$158,116$

LO: 2-4

Topic: Computing Future Value

LOD: Easy

Bloom tag: Application

5. *Comparing Taxes for Employee Benefits.* Which of the following employee benefits has the greater value? Use the formula given in the Financial Planning Calculations box on page 65 to compare these benefits. (Assume a 28 percent tax rate.)

a. A nontaxable pension contribution of \$4,300 or the use of a company car with a taxable value of \$6,325.

b. A life insurance policy with a taxable value of \$450 or a nontaxable increase in health insurance coverage valued at \$340.

Solution:

- a. \$4,300 divided by .72 equals a tax-equivalent value of \$5,972.22 which would be less than the \$6,325 taxable item; the company car has a higher financial value to the employee.
- b. \$450 times .72 equals an after-tax value of \$324 compared to the nontaxable health insurance of \$340; the health insurance coverage has a higher financial value.

LO: 2-4

Topic: Comparing Taxes for Employee Benefits

LOD: Hard

Bloom tag: Application, analysis

6. *Comparing Employment Offers.* Bill Mason is considering two job offers. Job 1 pays a salary of \$36,500 with \$4,500 of nontaxable employee benefits. Job 2 pays a salary of \$34,700 and \$6,120 of nontaxable benefits. Which position would have the higher monetary value? Use a 28 percent tax rate.

Solution:

Job 1: $\$36,500 + [\$4,500 / (1 - 0.28)] = \$42,750$.

Job 2: $\$34,700 + [\$6,120 / (1 - 0.28)] = \$43,200$.

LO: 2-4

Topic: Comparing Employment Offers

LOD: Hard

Bloom tag: Application, Analysis

7. *Calculating the After-Tax Value of Employee Benefits.* Helen Meyer receives a travel allowance of \$180 each week from her company for time away from home. If this allowance is taxable and she has a 30 percent income tax rate, what amount will she have to pay in taxes for this employee benefit?

Solution: $\$180 \times 52 \text{ weeks} = \$9,360 \times 0.30 = \$2,808$.

LO: 2-4

Topic: Calculating the After-Tax Value of Employee Benefits

LOD: Easy

Bloom tag: Application

8. *Future Value of Advanced Training.* Ken Braden estimates that taking some classes would result in earning \$3,500 more a year for the next 30 years. Based on an annual interest rate of 4 percent, calculate the future value of these classes.

Solution: $\$3,500 \times 56.085 \text{ (future value of annuity)} = \$196,297.50$

LO: 2-5

Topic: Future Value of Advanced Training

LOD: Easy

Bloom tag: Application

9. *Comparing the Value of a Career Change.* Marla Oppen currently earns \$50,000 a year and is offered a job in another city for \$56,000. The city she would move to has 8 percent higher living expenses than her current city. What quantitative analysis should Marla consider before taking the new position?

Solution: $\$50,000 \times 1.08 = \$54,000$ is the amount required in the new city for comparable living expenses; a salary of \$56,000 exceeds that amount.

LO: 2-5

Topic: Comparing the Value of a Career Change

LOD: Medium

Bloom tag: Application, analysis

FINANCIAL PLANNING ACTIVITIES (p. 71)

1. *Researching Career Planning Activities.* Talk to several people about influences on their current employment situation. How did various personal, economic, and social factors affect their career choices and professional development?

This discussion could help students better understand the factors that influence career selection. Most people do not realize how changes in social and economic conditions affect many employment fields. Higher interest rates will affect housing and related industries as well as most types of sales since companies and consumers are reluctant to spend when borrowing is expensive. This activity can also help students get a better perspective of the ways in which their current educational pursuits can contribute to future job success and personal fulfillment from work.

2. *Conducting an Informational Interview.* Arrange an informational interview at a local company or with a business contact you have made. Prepare questions related to needed skills in this employment field, current trends for the industry, and future prospects for this career area.

This experience can provide students with valuable insights on real work situations and the demands of a career. Encourage students to prepare for the visit by conducting library research about the career of their interest and the organization they will visit.

3. *Searching the Web for Benefit Information.* Using a Web search or the library, obtain information about various employee benefits such as health insurance, retirement plans, child care, life insurance, and tuition reimbursement.

A wide range of employee benefits are being made available to meet varied needs of workers and their families.

4. *Analyzing Employee Benefits.* Talk with people employed in various types of organizations. Prepare a list of the most common types of employee benefits received by workers. Using Sheet 12 in the *Personal Financial Planner*, obtain information about various employee benefits from current or prospective employers.

This activity can provide students with valuable insight into the reality of employee benefit programs. Students should develop additional questions about benefits that the human resources manager can address.

5. *Obtaining Career Advancement Information.* Talk with people employed in various types of careers (large company, international business, individual entrepreneur, nonprofit, government) about the training and professional development activities they have found most valuable. Create a list of competencies, skills, and technical abilities that you would like to develop over the next few years. What actions will you take to obtain those proficiencies?

This activity can provide students with tangible examples of methods available for career training and advancement. Suggest that students talk to people involved in different career fields and who are at different stages of their careers.

6. *Preparing for an Interview.* Based on library and Internet research and experiences of others, obtain information about effective interviewing techniques. Prepare a video that presents appropriate and inappropriate actions one might take when preparing for and participating in an interview (Chapter 2 appendix.)

This experience will not only help students better understand interviewing, they will also practice their communication skills.

FINANCIAL PLANNING CASE

Which Job? Are You Sure? (p. 72)

1. What steps might Alexia take when deciding which position to accept?

She should assess her personal values and goals in relation to the various factors for each position. In addition, Alexia might talk with people who work for these or similar organizations about the work employment and other factors.

2. What additional factors would you consider when selecting an employment position?

While answers will vary, students should provide specific responses related to current career interests and future potential career goals. Encourage students to provide specific actions that they might take to enhance their career planning activities.

3. Which employment position would you recommend for her? Why?

Answers will vary. Encourage student to provide an explanation for their responses.

CONTINUING CASE

Career Decisions (p. 73)

Questions

1. Given her current situation, identify some positive and negative aspects of her current career.

Although student responses may vary, some good answers to this question are:

- a. Positive: finds the work interesting, uses communication skills and technology tools, records business transactions, and enjoys interacting with pets and their owners.
- b. Negative: not part of management, income is a set/fixed hourly wage, and uses credit card to make ends meet.

2. What suggestions do you think Shelby should consider related to her current and future career activities.

Although student responses may vary, some good answers to this question are:

Obtain additional training or management skills

Seek a management position within the organization

Consider employment at another grooming facility

3. Describe how Shelby might use the following Personal Financial Planner sheets for career planning: Resume Worksheet and Preparing for an Interview.

Although student responses may vary, some good answers to this question are:

a. Resume Worksheet - Shelby can use this form to inventory her education, training, work background, references, and other experiences for use when preparing a resume.

b. Preparing for an Interview - Shelby can use this form to organize information and ideas for a job interview including required skills, major responsibilities, questions you expect to be asked, questions you plan to ask, etc.

DAILY SPENDING DAIRY (p.74)

This activity will help students better plan their spending for to enhance career planning and development decisions.