


What Are Your Salary Needs




Knowing your salary needs can help you focus your job hunt and get a fulfilling job that pays you enough to live comfortably. Understanding the difference between your needs and your wants will help you negotiate a better salary.

New ways of thinking about the salary you need

- *The salary you need may be different from the salary you want.* Estimate the minimum annual salary you need to live comfortably by using the worksheet provided on the back of this **Guide**. The worksheet is also a useful tool for creating a budget.
- The salary you need is often different from the salary offered by the employer. Once you know how much you need to earn, you can negotiate more effectively with a potential employer.
- *The salary you need may be different from the market value of the job that interests you.* Target only those jobs in the market that meet your salary needs.

Benefits of identifying your salary target

- Knowing your salary needs helps you find the right job faster. It saves you from wasting time and effort trying to get jobs that may not cover your financial needs. It helps you focus your efforts on jobs that pay enough for you to live comfortably.
- Once you know your salary needs, you can identify the level of responsibility that pays what you need. With this information you can find out what qualifications are needed to rise to that level. For instance, in the construction industry, a lead carpenter earns a higher salary than a carpenter's apprentice.

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- Armed with accurate information about your needs, you can focus your market research.
 - Identifying your salary needs is just as important as identifying your knowledge, skills and abilities.
 - Estimating the minimum salary you are willing to accept is the first step to negotiating a higher salary when you are offered a job.

What if the job that interests you doesn't pay the salary you need?

If a higher salary can't be negotiated, then you can:

- Lower your monetary needs. Cut back or make arrangements to postpone as many expenses as you can. Prioritize your needs. Review the **JobSearch Brief *How to Negotiate a Fair Salary***.
- Raise your job sights. Often, you can earn a higher salary by doing a similar job at a higher level of responsibility. Contact professional associations to find out more about industry certification that may make you eligible for a higher pay-scale. Review the **JobSearch Guide *How to Acquire Job Information by Interviewing***. This Guide will show you how to get inside information about any job.

What is a fair salary?

It is understandable that employees want as high a salary as they can get, and employers want to pay as low a salary as they can. As a job seeker you want to know what you can expect in the way of salary. You need to determine what is the average wage for the job you seek. The U.S. Department of Labor compiles and publishes this information. Contact your local One-Stop Career Center and request Labor Market Information for your geographic area and your targeted job.

You can also go to www.indeed.com/salary and insert the job title and location. This site will give you the average wage for the job title in a specific location.

How to discuss your salary needs

If you have done your homework and your expectations are reasonable for the job and the company, then you are prepared to discuss the minimum salary that you will accept. However, if you're still seeking information, don't specify a salary:

- On the job application: If asked to specify the salary you need, write "negotiable."
- On your résumé: Do not mention salary requirements anywhere on the résumé.
- At the interview: Let the interviewer be the first to bring up the topic. For negotiating strategies, review the **JobSearch Guide *How to Negotiate a Fair Salary***.

Hourly wages: How much is enough?

A quick and easy way to estimate the hourly wage you need is to divide the annual salary by 2000.

For example, if you need an annual salary of \$40,000:

$$\text{Hourly wage} = \$40,000 \div 2000 = \$20 \text{ per hour.}$$

If a job is advertised at \$15 per hour, you can multiply by 2,000 to estimate the annual salary:

For example:

$$\text{Annual salary} = \$15 \times 2,000 \text{ hrs.} = \$30,000.$$

Don't waste your time

If the salary offered by the employer is less than what you believe to be fair for the job you seek, save yourself (and the prospective employer) time. Withdraw your application. Only pursue the job if you are comfortable with the offered salary.

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How to make the most of the worksheet

Record your spending habits. Even if you think you know where all your money goes, you need to keep track of all your spending for a two-week period. You can then double the figures to obtain an estimate of the monthly amount for each category.

Examine your monthly check stubs and bank statements. Total the amount that you spent last month for each of the budget categories.

Other expenses not on the worksheet.

Customize the worksheet by adding categories that are not listed. These are expenses that are unique to your situation, e.g., alimony, child support, educational loans, children's daycare expenses, etc.



When should you do the worksheet?

Plan to complete the worksheet in the early stages of your job hunt.

By completing it before you start looking at jobs, you can target only those jobs that pay at or above your needed amount. Don't start interviewing without a clear idea of the monthly salary that you will accept.

Create a spending plan for all your desires and dreams.

After completing the worksheet and obtaining a realistic estimate of your annual salary needs, go through the exercise a second time and increase the spending for fun items. Add money for a better car, a new home, a bigger clothing allowance, an annual trip to a holiday resort or anything else you want.

Use this new budget amount as a target. Plan your future based on this amount. With additional training, experience and responsibility, how quickly can you reach your target salary?



WORKSHEET TO ESTIMATE YOUR MONTHLY SALARY NEEDS

HOUSING:	Mortgage or rent payment	\$.....	
	Maintenance and repairs	.....
	Furnishings and improvement	.....
	Gas, electricity and water	.....
	Telephone/Cell/Internet/Cable	.....
	Garbage collection	.....
FOOD:	Groceries, etc.	.....
	Restaurants, fast food	.....
CLOTHES:	For you and your dependents	.....
	Grooming, haircuts	.....
	Health club	.....
PET EXPENSES:	Food and Veterinarian	.....
TRANSPORTATION:	Car loan payments	.....
	Gas	.....
	Regular maintenance	.....
	Other regular travel costs	.....
	(Divide annual premiums by 12)	.....
	House and its contents	.....
INSURANCE:	Life insurance*	.....
	Car	.....
	Medical*	.....
CHARITY:	Church and other	.....
TAXES:	Federal	.....
	(Monthly estimates)	State
	Personal Property and Real Estate	.....
INVESTMENTS:	Monthly savings	.....
MONTHLY DEBTS:	Retirement contribution	.....
	Credit cards	.....
	Store cards	.....
SPENDING FOR FUN:	Other	.....
	Movie tickets, video, etc.	.....
	Other regular entertainment	.....
	Books, magazines, hobbies	.....
	Vacations	.....
	Christmas, birthday gifts, etc.	.....
<i>Add it all up to calculate the sub-total.</i>			
	SUB-TOTAL	.....
<i>Now, add 15-20 percent to the sub-total, to create a buffer zone to cover unexpected monthly expenses.</i>			
	Plus Buffer Amount	.....
	TOTAL MONTHLY SALARY NEEDED	.....
<i>Multiply this figure by 12 to estimate your annual salary.</i>			
	TOTAL ANNUAL SALARY NEEDED	.....

*Your employer(s) may provide these.

Internet resources



www.indeed.com/salary -- Average salary for selected occupations for selected cities.

<http://financialplan.about.com/cs/budgeting/l/blbudget.htm> -- A very good Budget Worksheet.

www.askmen.com/money/career/36_career.html -- Twenty salary negotiating tips.