

STUDENT WORKBOOK

THE 21ST CENTURY STUDENT'S GUIDE TO

FINANCIAL LITERACY

GETTING PERSONAL



SUSAN MULCAIRE

Name: _____

Beverly is Befuddled by Benefits

Beverly is a recent college graduate. She's received job offers from two different companies. She's excited that she will finally be earning a paycheck, but also a bit befuddled. Beverly likes each of the companies and believes she could have a rewarding, long term employment relationship with either. Today she's comparing employee benefits, trying to decide which company's are better. Beverly is also wondering whether she should freelance. Your job: *help her decide.*



- Both companies A and B have offered Beverly a **base salary** of \$50,000. What does that mean? What might it indicate about her potential compensation?

- The representative from Company B tells Beverly "Don't worry about your **Social Security**. We make sure that every dollar deducted from your paycheck goes directly into a Social Security account set aside especially for you." Is this possible?

- When Beverly was interviewed by Company B the representative told her "Our company has the most awesome **compensation package** in the industry!" What's a *compensation package*?

- Company A boasts to Beverly "Our company goes above and beyond our competitors. We not only offer *workers compensation insurance*, we allow employees **time off for jury duty and voting!**" Should Beverly be impressed?

- Company B is a small startup with 30 employees. Beverly would love to work there. Unfortunately, they do not offer health insurance benefits. She worries that if she were to get sick, medical expenses could wipe out her savings. Can Beverly accept this dream job and get her **own medical insurance**? How? Where can she find information about health care plans?

LET'S PRACTICE

6. Company A brags to Beverly that they have an **ESOP**. Beverly has no idea what that is. Tell her what it means and explain the basics.

7. Company A has a **defined benefit plan**. Company B has a **defined contribution plan**. Beverly thinks these are the same things. Explain the differences.

8. Company A provides 12 weeks of unpaid leave under the **FMLA**. What is FMLA and what can these benefits be used for? Would this benefit also be available at Company B which has less than 50 employees?

9. Company A is in California. Company B is in Massachusetts. Both companies provide workers compensation insurance which would compensate Beverly if she suffered a work-related illness or injury. However, in her free time, Beverly is a sky-diving break-dancer. She worries that if she gets injured while pursuing her hobby, she will be unable to work and will have no means of supporting herself. Which of these companies is located in a state that requires insurance to cover a worker for **off-the job injury or illness**? What kind of insurance is that?

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10. Company A offers employees 12 days of paid sick leave every year. Company B tells Beverly that their **sick leave** is more generous because, although they have only 6 days of paid sick leave, they offer 2 weeks of unpaid medical leave in the event she gets sick. Who has the better sick leave benefits?

11. Company B offers all employees a **401K**. Beverly has no idea what that is and doesn't think it would be of much use to her. What is it? What is a key long term benefit of this benefit?

12. Company A has a **cafeteria plan**. Beverly is so excited because she loves to eat and adores having a variety of foods to choose from at lunch time. Set her straight on this misconception. What's another name for this plan?

13. "Benefits, benefits, benefits! I'm sick of hearing about benefits! What's so great about employee benefits?" Tell befuddled Beverly five reasons why benefits are so beneficial:

14. Beverly thinks she'll **freelance** for awhile. What is that, and what employee benefits will she receive from her employer as a freelancer? As a freelancer, what are her medical and retirement benefit options?

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15. Beverly's buddy Barney is in the tech industry. He has been job interviewing with a company across town. They offer **employee perks** such as free meals, a gym membership, casual Friday, free concerts, and a car allowance. Beverly is puzzled. The companies she interviewed with haven't got anything like that. What might account for the offering of such awesome perks?

16. Beverly is concerned that, over time **inflation**, which is an increase in the price of consumer goods and services, will reduce the value of her salary. Company A tells her not to worry about this, because there is a **COLA**. Beverly does not drink soda and can't understand why it matters anyway. Explain to her what **COLA** is and what it is based on.

Bonus: Which company do you recommend for Beverly? Should she freelance?

LET'S PRACTICE

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Job Interview Practice

The more a job seeker practices and prepares for a job interview, the better they are able to confidently communicate their potential human capital value to the prospective employer. Practicing can also substantially improve their ability to handle the inevitable awkward interview question. Never go into a job interview without practicing interview responses and techniques aloud. There are lots of mobile apps and websites that can help prepare you for a successful interview. Some are *Job Interview Question-Answer*, *Monster*, and *interview4me*.



Your job: research job interview websites and mobile apps. Select one, use your own video, or ask a friend to help you practice answering these typical and not-so-typical interview questions. Grade your responses.

1. *Tell us a little about yourself.*

- | | | | | | |
|-------------------|---|---|---|---|---|
| Quality of answer | A | B | C | D | E |
| Tone of voice | A | B | C | D | E |
| Volume | A | B | C | D | E |
| Ease of answering | A | B | C | D | E |
| Confidence | A | B | C | D | E |

2. *Why do you want to work for us?*

- | | | | | | |
|-------------------|---|---|---|---|---|
| Quality of answer | A | B | C | D | E |
| Tone of voice | A | B | C | D | E |
| Volume | A | B | C | D | E |
| Ease of answering | A | B | C | D | E |
| Confidence | A | B | C | D | E |

3. *Tell me how you deal with conflict - especially conflict in the work place.*

- | | | | | | |
|-------------------|---|---|---|---|---|
| Quality of answer | A | B | C | D | E |
| Tone of voice | A | B | C | D | E |
| Volume | A | B | C | D | E |
| Ease of answering | A | B | C | D | E |
| Confidence | A | B | C | D | E |

4. *Where do you see yourself in five years?*

- | | | | | | |
|-------------------|---|---|---|---|---|
| Quality of answer | A | B | C | D | E |
| Tone of voice | A | B | C | D | E |
| Volume | A | B | C | D | E |
| Ease of answering | A | B | C | D | E |
| Confidence | A | B | C | D | E |

5. *What are your salary expectations?*

- | | | | | | |
|-------------------|---|---|---|---|---|
| Quality of answer | A | B | C | D | E |
| Tone of voice | A | B | C | D | E |
| Volume | A | B | C | D | E |
| Ease of answering | A | B | C | D | E |
| Confidence | A | B | C | D | E |

NOTES:

LET'S PRACTICE

Name: _____

Marcus' Mumble & Fumble Job Interview

Woooo hooo! Marcus' resume was so appealing it enticed a prospective employer to interview him for the job. He was nervous but excited when he went into the interview. Unfortunately, he was caught off-guard by a few awkward questions he was not prepared to answer. Your job: Observe the interview and listen to Marcus' answers. Critique his responses and compare your answers with the experts' recommendations.

Q1

Interviewer: *Marcus, we've had several excellent applicants for this position. Why should we hire you?*

Marcus: *Hmmm...well, I don't know. Let me think about that. For one thing, I applied for the job. For another thing, I showed up at this interview. So obviously I'm interested in working here.*

Critique: _____

Q2

Interviewer: *Marcus, what is your greatest weakness?*

Marcus: *Oh man, where do I start? I guess my greatest weakness would be that I really wasn't the best student in school. I'm smart, but I procrastinate sometimes and miss deadlines. Other than that I'd be a great employee.*

Critique: _____

Q3

Interviewer: *Marcus are you married? Do you have any children?*

Marcus: *Ummm well no, but I don't have anything against that I guess.*

Critique: _____

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Q4

Interviewer: *I really like your experience, Marcus. We have a big project scheduled and the person we hire will have to jump right in and help out as part of the team. We'll be putting in long hours. How does that sound?*

Marcus: *Sorry, no can do. I've got 2 weeks of vacation already planned and paid for. After that, I'm all yours!*

Critique: _____

Q5

Interviewer: *Marcus, what do you want to know about us?*

Marcus: *Hmmm... (nervous laugh followed by throat clearing and staring out the window.) I don't know... I guess maybe some more about what this company does. Like, what kind of clients do you have and what is the product line like?*

Critique: _____

Compare your answer with what the experts say...

Q1. This interviewer really wants to know what unique qualities make Marcus the best person for the job. Experts advise anticipating this kind of question and preparing an answer in advance by knowing which is the most important requirement of the job. By knowing the aspect of the job is critical for the company's success, you you can tell them how you are uniquely qualified to fulfill this requirement. For example, if a critical requirement of the job is effective and timely communication with clients, provide examples of how you rock this, or at least how you plan to! Showcase your abilities with examples.

Expert Source: www.lynnrecruitment.co.uk/uploads/answering_Awkward_Interview_Questions.d.

Q2. This question is the potential employer's attempt to ask Marcus to critically self-assess. Has he ever thought about his personal weaknesses or flaws? Experts warn that this is a rather common interview question, so think about it beforehand and prepare an answer. You have to admit *some* weakness - nobody's perfect! The trick is to admit your weakness and turn it into a positive, work-related strength: "I care too much about my work", "I tend to work too many weekends instead of cleaning my apartment." "I obsess over accuracy." Then explain to the employer how you plan to improve and overcome your weakness.

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*Expert Source: www.lynnrecruitment.co.uk/uploads/.../Answering_Awkward_Interview_Questions.d.
www.forbes.com/sites/work-in-progress/2013/01/21/how-to-answer-the-dreaded-what-is-your-biggest-weakness-interview-question/#4797bbab15fb*

- Q3. According to law, employees can't ask questions that solicit information that enables discrimination. If an employer asks this question (which they shouldn't), you are entitled to decline to answer. If you don't want to outright decline to answer, experts suggest answering the question with a question, such as "Are you concerned about my availability? Let me assure you there is no reason for concern about the fact that I am available, committed to the job and eager to get started." Ladies: Experts advise ladies who are expecting to wait until they have a job offer before mentioning their pregnancy if it's not already obvious in the interview.

Expert Source: www.pbs.org/newshour/making-sense/ask-headhunter-really-illegal-employers-ask-youre-married

- Q4. This is a sticky wicket. It's hard to express great enthusiasm to start a job then say "but I'm actually not available." Experts recommend that the prospective employee actually have a job offer on the table before mentioning a pre-planned vacation, then making it part of their employment negotiations. Marcus should wait until he has an offer then tell the employer he's excited to start "once the starting date details can be worked out" he can deal with his vacation as part of the negotiations. He must assure the employer that, in spite of the planned vacation, he is highly committed to the job.

*Expert Source: [8 Things You Should Never Say to Your Interviewer](#)
[Show a little tact. By Alison Green Oct. 15, 2012, at 9:06 a.m. + More](#)*

- Q5. This is often the last question in a job interview. Experts advise always having a few questions prepared for the interviewer. If Marcus doesn't have any questions, it signals he's not very interested in the job, or not a thoughtful or inquisitive person. Prepare something to ask! For example, ask why the position is available and how the job interfaces with other positions within the company. Ask about opportunities for growth, advancement, and training what the company's growth prospects are, or about the company's culture, or the team you will be working with, etc. Do your homework. Be prepared. Know as much about the company and the position as possible before you walk into or log on to a job interview.

Expert Source: belimitless.com/gchahal/life/career/smart-answers-to-awkward-interview-questions

LET'S PRACTICE

Name: _____

Are You Financially Literate? Chapter 4 Quiz

1. Liu graduated college and was offered a job with a base salary of \$25,000. He is disappointed because he thought he would make more money than that! Explain to Liu what a base salary is and why he shouldn't be discouraged. Tell three other types of compensation that might be included that would boost his salary. 3 PTS ____

2. What does *COLA* stand for and what is its purpose? 2 PTS ____

3. Which of the following benefits are required by law? 1 PT ____
- a. dental insurance
 - b. vision insurance
 - c. retirement plan
 - d. none of the above

4. Mauricio loves traveling. He is considering taking a full-time job at a company that is offering five days of paid vacation. They told him that is the same amount of vacation time he'd get at any other company. Should Mauricio take this job or keep looking? Explain your answer. 2 PTS ____

5. _____ salary includes base salary plus any money received for commissions, overtime, and benefits before any deductions are taken. 1 PT ____
- a. total
 - b. gross
 - c. net
 - d. base plus

6. I E Independent contracting is the fastest growing segment of the *labor economy*. 1 PT ____

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7. Oh no! You were injured at work. What employee benefit provides a source of income until you are healthy and able to work again? 1 PT ____
- a. workers compensation insurance c. state disability insurance (SDI)
b. healthcare insurance d. employee sustainability fund (ESF)
8. On average, employee benefits comprise how much of a worker's total compensation? 1 PT ____
- a. 45-60% c. 25-33%
b. 5-10% d. 15-25%
9. Unemployment insurance is also called 1 PT ____
- a. re-employment fund
b. job disability benefits
c. someone-please-hire-me-again insurance
d. jobless benefits
10. Zoe is working on an important project at work this week. Yesterday, she got a notice in the mail: she's been summoned for jury duty. Zoe is worried that her manager is going to fire her because she has to miss work for jury duty. Should Zoe be worried? Why or why not? 1 PT ____
- _____
- _____
11. The Affordable Care Act requires that companies with more than _____ employees provide healthcare insurance for those employees. 1 PT ____
- a. 200 c. 75
b. 100 d. 50
12. _____ is the amount received in a paycheck after deductions are taken for benefits and taxes. 1 PT ____
- a. net pay
b. gross salary
c. base salary
d. incentive salary
13. A freelancer under contract with a company is generally entitled to the same benefits as the company's employees. 1 PT ____
14. What does ESOP stand for? 1 PT ____
- _____

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15. Aurelio recently graduated college. He wants to start a freelance career in graphic design, but having good healthcare insurance coverage is important to him. As a freelancer, how can he get his own healthcare insurance? 1 PT ____

16. Which of the following is an advantage of working as an independent contractor? 1 PT ____
- a. higher income
 - b. substantial control over your own hours and work place.
 - c. less competition for jobs
 - d. guaranteed Employee Stock Ownership Plan

17. Ofelia's employer provides dental and vision insurance. After her dentist appointment, she was shocked to find that she was responsible for paying \$100.00 of the cost of her treatment. What did Ofelia fail to understand about the cost of this employee benefit? 1 PT ____

18. Ofelia's employer offers a flexible spending account. She can use the money in it to pay for all of the following EXCEPT? 1 PT ____
- a. a new car
 - b. medical care
 - c. child care
 - d. \$100.00 she paid to the dentist

19. Chris just got fired for shopping online during an important meeting and missing several project deadlines. He doesn't care. He plans to collect unemployment insurance benefits until he feels like working again. Is he eligible for unemployment insurance benefits? Why or Why not? 1 PT ____

20. I F Every state requires employers to provide insurance coverage for employees who were injured outside of their job. 1 PT ____

SCORE: ____ / 24 PTS