Name _____ Date _____ Class _____

Chapter 11 Finances and Career Planning

SOFTWARE ACTIVITY (OPTIONAL)

Spreadsheet Application

Comparing Employment Offers

Objective: Calculate and analyze the monetary values of employee benefits and employment opportunities.

Practice Situation

You have been offered two different jobs. Job 1 offers a salary of $45,200, a one-time sign-on bonus of $2,000, and nontaxable employee benefits of $4,000. Job 2 pays $47,000 and $6,100 in nontaxable benefits. Job 2 requires a move to another city where the cost of living is 2 percent higher than that of the Job 1 location. The Job 2 employer will pay for moving expenses. Job 1 offers annual raises of 8 percent, while Job 2 offers annual raises of 3 percent. Compute the monetary values of both job offers for the next two years, then answer the questions that follow. Use a 28 percent tax rate.

Year One Monetary Value	Job 1	Job 2
Salary		
Bonus		
Nontaxable benefits		
Tax savings on nontaxable benefits		
Less: Cost of Living Adjustment		
Year One Monetary Value		

Year Two Monetary Value	Job 1	Job 2
Salary		
Bonus		
Nontaxable benefits		
Tax savings on nontaxable benefits		
Less: Cost of Living Adjustment		
Year Two Monetary Value		

Summary Information	Job 1	Job 2
Years One & Two Monetary Value		

Name _____ Date _____ Class _____

Spreadsheet Directions

1. Start your spreadsheet software and open problem **SA02.xls.** For year one, enter the salary figures for both job opportunities into the spreadsheet. Next, enter the bonus amount for Job 1.
2. Input the formulas to calculate the tax savings on the nontaxable benefits for both jobs.
3. Input the formula to calculate the cost of living adjustment for Job 2. Hint: A higher cost of living will mean a deduction to the monetary value of the job offer.
4. Input the formulas to calculate the total monetary value for each job option for the first year. Note: Format all dollar amounts to Currency, 2 decimals.
5. Next complete the spreadsheet for Year Two. Input the formulas to calculate the new salary figures, accounting for the annual raise.
6. Enter the formulas (or copy the formulas from the spreadsheet you just completed) to calculate the tax equivalent value for the nontaxable benefits for both jobs.
7. Enter the formula to calculate the cost of living adjustment based on the new salary amount for Job 2.
8. Calculate the totals for both jobs for year two.
9. Save your work to a new file labeled **SA02***.xls.** (Replace *** with your initials.)
10. Print out a copy of your work if your teacher has instructed you to do so.

Interpreting Results

1. What is the monetary value for both job opportunities in year one?

   _____

2. What is the monetary value for both job opportunities in year two?

   _____

3. What is the cumulative monetary value for each job at the end of year two?

   _____

Drawing Conclusions

1. If you plan to work at the job that you accept for at least two years, which opportunity would be the favorable choice based only on financial concerns? Explain.

   _____

   _____

2. Aside from financial implications, what other issues should be considered when comparing two job opportunities?

   _____

   _____

   _____

   _____