

Starting Strong

The Importance of Negotiating Your Starting Salary

The negotiation phase of accepting a job can define your earning potential for years to come, so educate yourself on how to understand and negotiate an offer now!

It can be helpful to think of salary modifications as percentages rather than dollar amounts. If your offer is for \$32,000 yearly, a 3% increase would change it to \$33,475, a 5% increase would change it to \$34,250, and a 7% increase would change it to \$34,775. These increases may seem relatively small, but they'll add up over time, as shown in the scenario below.

Scenario:

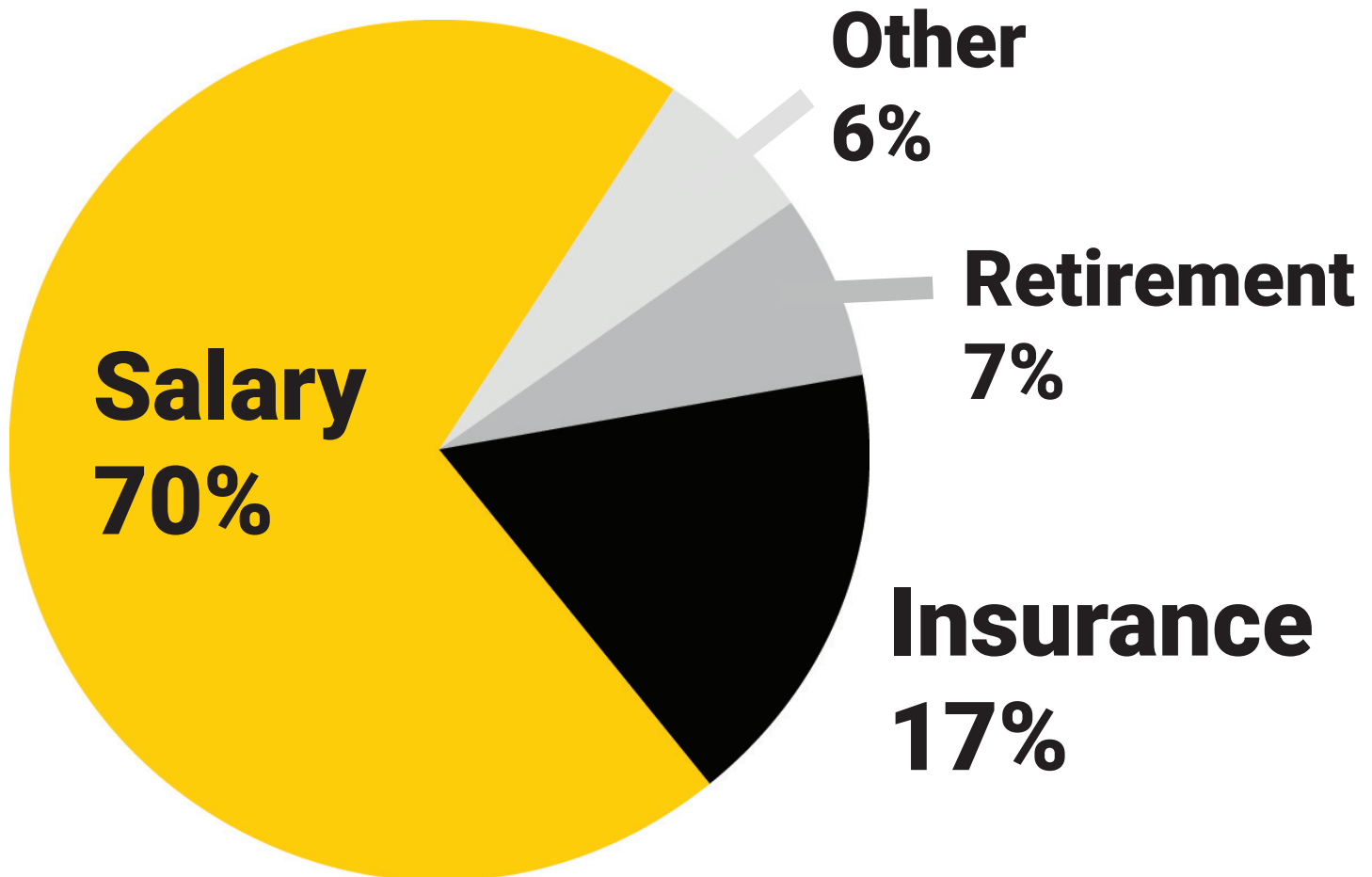
Employees 1 and 2 both receive a starting salary offer of \$50,000. Employee 1 takes the offer as-is, while employee 2 negotiates a 10% higher starting salary of \$55,000.

Assuming a 3% yearly cost-of-living increase, with no raises or promotions, the two employees' salaries will look like this over time (rounded):

| After... | Employee 1 earns... | Employee 2 earns... | For a difference of... |
|------------------------|-----------------------|---------------------|------------------------|
| 5 years | \$58,000/year | \$64,000/year | \$6,000/year |
| 10 years | \$67,000/year | \$74,000/year | \$7,000/year |
| 20 years | \$90,000/year | \$100,000/year | \$10,000/year |
| 40 years | \$154,000/year | \$169,000/year | \$15,000/year |
| CAREER EARNINGS | \$3.64 million | \$4 million | \$360,000 |

What makes up an offer?

There's more to compensation than just salary.



Example compensation breakdown based on compensation information from the University of Iowa Tippie College of Business

Typical raise ranges

Cost of living: 2-3% (yearly)

Merit: 3-5%

Promotion: 10-20%

Market adjustment: 5% or more

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