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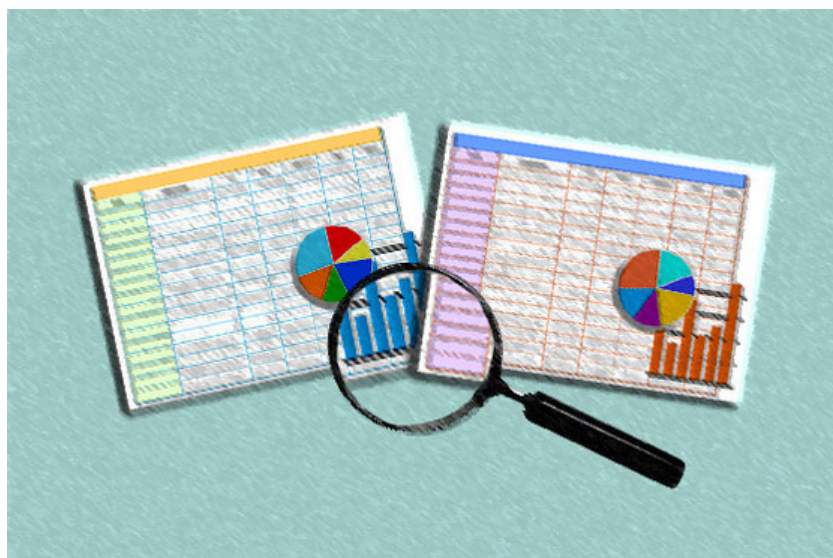
WEALTH ADVISER

# Helping an Executive Pick the Best Job Offer

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By JESSE SUNENBLICK

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*Bari Goodman*

The client, a marketing executive at a [Fortune](#) (FT.T +5.26%) 500 company, had a job offer from a competing firm.

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The job promised a higher base salary and would take him from the West Coast to the East Coast, where the client and his wife wanted to move someday to be closer to their family.

Still, the man wasn't sure if switching jobs was the right financial choice, so he turned to his adviser, Brent Lindell, for help.

"Ever since he was introduced to my firm, he has embraced getting us involved in any big decision," says Mr. Lindell, a certified financial planner with the Madison, Wis., office of Savant Capital Management, which manages \$3.8 billion for 3,300 clients.

During an initial conference call, the client gave Mr. Lindell an overview of the two jobs. In his current position he earned a salary of \$160,000 with no bonuses and received \$300,000 annually in restricted stock options, which vested over a three-year period.

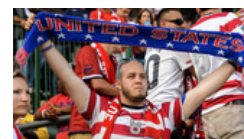
The competing company offered him a base salary of \$230,000, a yearly bonus equal to 45% of his salary, a \$20,000 annual car allowance, and \$200,000 annually in restricted stock options that would vest over three years. They also offered him a signing bonus of \$75,000 in cash and \$100,000 in restricted stock options.

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On the surface, the competing offer appeared to provide a better compensation package. But because both packages were tied to stock options, it was tricky to tell which job would be more lucrative in the long run.



Brent Lindell

Mr. Lindell recruited help from Savant's investment research and tax departments to create a spreadsheet comparing the client's total expected compensation from his current job and from the new opportunity. The teams compared the two companies in terms of stock price, dividend yield and expected growth, to project how much the client's stock options would be worth in five and 10 years.

While the offering company was well established, Mr. Lindell calculated that its earnings were only growing at a 5% annual rate. Earnings at the client's current company, meanwhile, had grown an average of 15% a year for the past 10 years. So not only was his current employer giving the client more equity compensation

than the competing firm, the stock was likely to appreciate at a higher rate thanks to its higher earnings growth.

Next, Mr. Lindell and his colleagues compared the cost of living between the client's current state and the East Coast location of the competing company. If the client moved, he would pay more for basic necessities like gas and food, and would have to pay state income tax; his current state had no income tax. All told, moving East would cost the client 10% more in annual expenses, or an extra \$130,000 over the first five years.

After factoring all the potential costs and taxes, and considering potential stock price appreciation, it became clear the client would actually make slightly more money if he stayed at his current job. Mr. Lindell's spreadsheet showed that over five years, the man's current job would net him a total \$2.1 million, compared with \$1.8 million from the new employer. In 10 years, his net income from his current job would be \$5.2 million, compared with \$4.8 million from the potential new employer.

Mr. Lindell shared the results of analysis with the client. Several days later, the man decided to stay with his current employer, who ultimately offered him a raise.

"The spreadsheet let him peel back the layers of the two jobs very systematically," Mr. Lindell says. "We didn't advise him to do anything. He was the one who made the decision."

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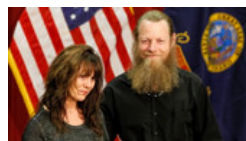
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