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Changing Jobs? 16 Questions To Ask That Will Help Protect Your Financial Life

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Recent research from the Bureau of Labor Statistics shows that the typical worker born in the latter years of the baby boom (1957-1964) changes jobs approximately 11 times in their lifetime. While many of these transitions occur at younger ages, there are impacts whenever there is a change. There are many areas to consider before transitioning jobs. I've found that some people focus on salary and benefits, while others focus on company culture, room for advancement, and other items. When my clients tell me that they are changing jobs, my initial considerations relate to the impact on their financial situation and future wealth accumulation. Changing jobs 11 times in your lifetime offers the possibility of an improved financial future but it also presents 11 time periods where your finances are vulnerable.



To help you protect your finances during these periods of transition, I've included below questions for you to ask HR or your hiring manager before accepting that new position.

Health & Insurance Benefits

In the era of rising health care costs, many companies are moving towards transferring some of their traditional health insurance costs onto their employees. Companies can transfer this cost via higher employee contributions, higher deductibles, fewer plan options and less robust benefits such as disability insurance. Key questions to ask include the following.

Available Insurance Carriers & their Networks

- Are your current medical providers included in the networks available to you?
- Are the plans PPOs or the more restrictive HMOs?
- Are there waiting periods?

Out of Pocket Costs: Insurance Deductibles, Co-pays & Maximum Costs

- What are the co-pays associated for the type of doctors you are most likely to use?
- What are the individual and family deductibles that you need to meet before your insurance company contributes? In the past few years, many people have been shocked by how much they have to pay before the insurance company pays anything. (You should factor into your decision any potential medical needs, such as an upcoming surgery or new additions to your family).
- What is the maximum out-of-pocket cost associated with each plan?

Other Health-Related Benefits

- Does the company offer a Health Savings Account?
- Do they offer Group Term Life Insurance and Disability Income Insurance?

Also keep an eye out for companies that augment their offerings with benefits such as Employer Paid Term Life Insurance and Disability Income Insurance. If you have pre-existing conditions, then group plans can be beneficial. Sometimes there is a small amount of no-cost term life insurance available, but usually these policies can carry some cost, and as such, you should discuss them with a financial advisor or professional. Note that if you are in very good health, you may want to explore a private policy as that may be less expensive.

401k, 403(b), SEP/Simple IRA Plans

Another significant benefit may be eligibility for a retirement plan such as a 401(k) plan (or a 403(b) plan which is very similar). If such a plan is offered, here are some key questions to ask about your unique situation:

Waiting Period and Company Matches

- What is the waiting period to join the company 401(k) plan?
- Is there a company provided match and what is the matching contribution formula?
- Are there any potential profit sharing contributions?
- What is the vesting period of the employer contributions? A vesting period relates to the amount of time you need to be with the company before you have full rights to any company contribution. Some companies require you to be employed for a certain period before you fully vest into their contribution. Therefore, if you move around a lot you may be losing some of your accumulated benefits.
- Are loans available? (Since I think borrowing from a 401(k) plan is one of the worst moves you can ever make, I hope the answer is no.)

Investment Funds on offer & Stock Purchases

- What funds and investment choices are available?
- ^a Are there lower cost index fund options available?
- Do they offer a Roth 401(k) provision? This may be beneficial for younger, lower earning workers.

I found an interesting source of information on Bloomberg that enables you to benchmark the 401(k) offerings of several of America's largest companies. I encourage you to take a look. If you are considering a position at a smaller company that does not offer a 401(k) plan, ask if they can offer an alternative such as SEP or Simple IRAs. These plans are structured differently, but can contain some of the same benefits as a 401(k) plan

Please remember that when you change jobs your finances also transition. While there may be some downside from waiting periods, and inferior plan offerings, etc., there may also be opportunities to have a fresh start with your retirement planning and perhaps improve your health care, life, and disability benefits. As always, if you're in doubt, you may want to discuss your job offer with your financial or career advisor to determine the overall financial impact.

Contributor's Bio

Mark Avallone is the author of *Countdown To Financial Freedom*, and founder and President of Potomac Wealth Advisors, LLC a financial advisory firm serving clients through holistic financial planning and wealth management. Avallone writes on a variety of financial topics, and his contributions have appeared in the *Wall Street Journal* as well as in *Forbes* where he is a regular contributor. He has appeared on CNBC and has been a repeat guest on the Fox Business Network. His insights have also appeared in *USA Today*, *U.S. News & World Report*, *The Washington Post*, and other leading publications.

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