

4 FINANCIAL IDEAS ON YOUR
WORK ANNIVERSARY



TAKE STOCK OF WHERE YOU ARE IN LIFE

It's another anniversary and a good time to reflect on where you are in your career both professionally and financially. It couldn't be a better time to also take stock of where your overall financial plan is currently, and whether or not you are on track to make work optional. Here are four smart financial ideas to consider on this work anniversary.

1. Rule of 1/3rds

Your work anniversary often signals a time where you could earn an additional pay raise. Most individuals often don't deploy the important rule of 1/3rds. What this means is that at least 1/3rd of the raises (and bonuses) you get every year at work should be captured immediately with some form of forced savings. This should be priority number one. So, if you got a \$10,000 pay raise, a 1/3rd is likely to go to taxes, a 1/3rd should go to some type of savings, and a 1/3rd should be spent on something you enjoy. This will prevent you from lifestyle inflation.

2. Time To Review Your Stock Options

Beyond the fact that you should be getting all of your information in one place so you have a singular picture of your overall financial situation, this is the one time per year that you should really be looking closely at your stock options to determine what the best exit strategy is for that part of your portfolio. Non-qualified stock options will normally only last 10 years and you may be increasing your overall risk exposure by waiting until the last minute. If you get Incentive Stock Options or Restricted Stock Units, you should be paying close attention to vesting schedules and how to mitigate overall tax liability.

3. Time To Get A New Job?

Asking your boss for a raise or a promotion has to rank with cleaning out your garage or spending a weekend trapped in a cabin with your in-laws. However, you should be looking at data on www.glassdoor.com or www.payscale.com to see if you are in the ballpark from a salary/bonus perspective with other people in a similar type career. If you aren't, perhaps it is time to pull up the bootstraps and ask your boss for some additional cash or consider exiting this opportunity stage left.

4. Skills and Competencies

If you love what you are doing, but really need to earn more income then you might consider what investment needs to be made in yourself to increase your skills and competencies. You should consider investing 1% to 3% of your income into yourself to help you improve your long term earning potential every year. That may range from a computer skills course to borrowing money for a longer term play such as getting an MBA. Increasing skills and competencies is the real way to grow your income unless you are incredibly skilled at office politics. You should see our guide on what kinds of people earn a \$100,000 income these days.

Congratulations on your work anniversary! It is a fantastic time for us to connect up for a cup of coffee or a meeting and see how we can put a game plan to make great financial strides before your next work anniversary.