KLINGENSTEIN FIELDS
WEALTH ADVISORS

Time for a Change?

A new year often prompts people to make resolutions and consider significant life changes. In fact, people often take this time to consider significant professional development decisions, including job and career changes. For senior executives, however, evaluating the pros and cons of a new opportunity, versus a current situation, can be complicated by numerous considerations, beyond expected salary impact. When evaluating a new opportunity, keep in mind the following:

Consider whether you and your family are ready for big changes, anticipated or otherwise. If your new position requires relocation, this may mean a big change for everyone in your family, including difficult decisions around housing and child schooling. Even if there is no physical relocation, hours in the office and other differences in workplace culture can impact the time you have for your family or other aspects of your "Work-Life Balance."

Include the "intangibles" you've worked hard to establish. Your new opportunity may come with greater upside or advancement potential, plus the freedom of a blank slate, which can be exciting. Conversely, you may be giving up years of hard-won reputation and "brand equity" at your old organization. "Intangibles" like these are inherently difficult to include in a fair comparison between opportunities, especially since many aspects of the new opportunity are unknown.

Don't leave money on the table. At your existing firm, you may have accrued significant benefits that you will forfeit if you leave. Timing is also important, as a bonus is often a significant portion of senior compensation packages, either in immediately recognized income, deferred compensation, or equity incentives that may not be immediately vested or exercisable. Research any relevant vesting schedules before committing to a change.

Decipher the core offer. Make sure you understand the components and upside of your base salary and core bonus. Equity-based compensation can be a way to closely align individual and company goals and may be offered in both qualified and non-qualified structures, with varying tax impact. Try to understand the entire offer, under various scenarios, while making your decision.

Look at the whole money package. Your employment agreement may come with other monetary elements that can add up, such as health benefits, insurance coverage, sabbatical time off, and retirement plans. In addition, you may be offered a non-qualified deferred compensation plan. This may, for example, allow you to defer a portion of compensation to future years, when you may be in a lower tax bracket.

Plan ahead for your next career move, whether it's retirement or another change. Most people don't start a new job anticipating their eventual exit. But, the more senior you are, the more contact you may have with clients or other external parties, and the more binding post-employment stipulations may be. While you may not be planning to ever leave your next company, take the time now to review and negotiate post-employment conditions, helping to avoid contention later. You may even consider having an attorney review the legal aspects of your employment contract or partnership agreement.

Consult with your tax advisor on the tax impact of these considerations. KFWA will work with you and your other advisors to help evaluate potential career opportunities and how they may affect your financial situation and wealth plan. We welcome discussion on how to keep your wealth plan on track to reach your goals.

To learn more about how KFWA can help you and your family protect, preserve and grow your wealth, please contact us at 212.492.7000 or email us at info@klingenstein.com.

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