EARNING CAPABILITY SEMINAR

PRESENTER:

KRISTIE LITTLEFIELD, EXECUTIVE DIRECTOR
WESTERN MAINE EDUCATION COLLABORATIVE
Seminar Topics

- Assess how a career plan impacts your earning power and lifestyle
- Appraise your options regarding payroll holdings and benefits
What advice do we give young people about career planning?
Unemployment Rates & Earnings by Educational Attainment

Unemployment rates and earnings by educational attainment, 2016

- Doctoral degree: Unemployment rate = 1.6%, Median usual weekly earnings = $1,664
- Professional degree: Unemployment rate = 1.6%, Median usual weekly earnings = $1,745
- Master’s degree: Unemployment rate = 2.4%, Median usual weekly earnings = $1,380
- Bachelor’s degree: Unemployment rate = 2.7%, Median usual weekly earnings = $1,156
- Associate’s degree: Unemployment rate = 3.6%, Median usual weekly earnings = $819
- Some college, no degree: Unemployment rate = 4.4%, Median usual weekly earnings = $756
- High school diploma: Unemployment rate = 5.2%, Median usual weekly earnings = $692
- Less than a high school diploma: Unemployment rate = 7.4%, Median usual weekly earnings = $504

Total: 4% All workers: $885

Full Report

We've always been able to say how much a Bachelor's degree is worth in general. Now, we show what each Bachelor's degree major is worth.

*What's It Worth?: The Economic Value of College Majors* finds that different undergraduate majors result in very different earnings. At the low end, median earnings for Early Childhood Education majors are $36,000, while Petroleum Engineering majors see median earnings of $120,000.
The top 10 majors with the highest median earnings

<table>
<thead>
<tr>
<th>Major</th>
<th>Median</th>
<th>Earnings at 25th Percentile</th>
<th>Earnings at 75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum Engineering</td>
<td>120,000</td>
<td>82,000</td>
<td>189,000</td>
</tr>
<tr>
<td>Pharmacy, Pharmaceutical Science and Administration</td>
<td>105,000</td>
<td>83,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Mathematics and Computer Science</td>
<td>98,000</td>
<td>75,000</td>
<td>134,000</td>
</tr>
<tr>
<td>Aerospace Engineering</td>
<td>87,000</td>
<td>60,000</td>
<td>115,000</td>
</tr>
<tr>
<td>Chemical Engineering</td>
<td>86,000</td>
<td>60,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Electrical Engineering</td>
<td>85,000</td>
<td>60,000</td>
<td>110,000</td>
</tr>
<tr>
<td>Naval Architecture and Marine Engineering</td>
<td>82,000</td>
<td>44,000</td>
<td>120,000</td>
</tr>
<tr>
<td>Mechanical Engineering</td>
<td>80,000</td>
<td>59,000</td>
<td>105,000</td>
</tr>
<tr>
<td>Metallurgical Engineering</td>
<td>80,000</td>
<td>50,000</td>
<td>106,000</td>
</tr>
<tr>
<td>Mining and Mineral Engineering</td>
<td>80,000</td>
<td>52,000</td>
<td>125,000</td>
</tr>
</tbody>
</table>

* Full-time, full-year workers with a terminal Bachelor’s.
* There was a tie for last place, and we are representing some, but not all, of the majors that tied.
The 10 majors with the lowest median earnings

<table>
<thead>
<tr>
<th>Major</th>
<th>Median</th>
<th>Earnings at 25th Percentile</th>
<th>Earnings at 75th Percentile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counseling Psychology</td>
<td>29,000</td>
<td>21,000</td>
<td>42,000</td>
</tr>
<tr>
<td>Early Childhood Education</td>
<td>36,000</td>
<td>29,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Theology and Religious Vocations</td>
<td>38,000</td>
<td>27,000</td>
<td>52,000</td>
</tr>
<tr>
<td>Human Service and Community Organization</td>
<td>38,000</td>
<td>27,000</td>
<td>53,000</td>
</tr>
<tr>
<td>Social Work</td>
<td>39,000</td>
<td>30,000</td>
<td>52,000</td>
</tr>
<tr>
<td>Drama and Theater Arts</td>
<td>40,000</td>
<td>29,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Studio Arts</td>
<td>40,000</td>
<td>26,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Communication Disorders Sciences and Services</td>
<td>40,000</td>
<td>31,000</td>
<td>59,000</td>
</tr>
<tr>
<td>Visual and Performing Arts</td>
<td>40,000</td>
<td>26,000</td>
<td>60,000</td>
</tr>
<tr>
<td>Health and Medical Preparatory Programs</td>
<td>40,000</td>
<td>24,000</td>
<td>71,000</td>
</tr>
</tbody>
</table>

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* There was a tie for last place, and we are representing some, but not all, of the majors that tied.
Claim Your Future

Learning Objectives

After playing Claim Your Future, students will be able to:

- Have conversations about their goals and aspirations.
- Examine their assumptions about schooling, careers, money, and savings.
- Link today’s educational and spending choices to future job opportunities and financial stability.
- Describe post-secondary education options and identify basic vocabulary associated with college exploration.
- Create a balanced budget.
- Explain how small expenses can add up — especially regular ones!
- Distinguish between wants and needs and learn to prioritize.
- Describe benefits of saving and the impact of long-term student debt.
Which Job Would You Prefer?

Annual Salary

$40,000  $37,000
Which Job Would You Prefer?

Annual Salary

- $40,000
- $37,000

Benefits

- 2 Paid Holidays
- 2 Weeks of Vacation
- No Sick Days

- Health, Dental & Vision
- 401(k) Match
- Life Insurance
- Disability Insurance
- Health Club
- Tuition
- 8 Paid Holidays
- 2 Personal Days
- 5 Sick days
- 2 Weeks of Vacation
**Annual Salary of $40,000**

**Monthly Paycheck:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Pay</td>
<td>$3,333.34</td>
</tr>
<tr>
<td>Medicare Tax</td>
<td>(48.33)</td>
</tr>
<tr>
<td>Social Security Tax</td>
<td>(206.67)</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>(90.30)</td>
</tr>
<tr>
<td>Federal Income Tax</td>
<td>(363.02)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$2,625.02</td>
</tr>
</tbody>
</table>

Need to Purchase Health Insurance: $450 a month

**Monthly Net Income after Health Ins.:** $2,175.02

**Annual Net Income after Health Ins.:** $26,100.24
**Annual Salary of $37,000**

**Monthly Paycheck:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Pay</td>
<td>$3,083.34</td>
</tr>
<tr>
<td>Medicare Tax</td>
<td>$(43.29)</td>
</tr>
<tr>
<td>Social Security Tax</td>
<td>$(185.09)</td>
</tr>
<tr>
<td>State Income Tax</td>
<td>$(81.87)</td>
</tr>
<tr>
<td>Federal Income Tax</td>
<td>$(285.20)</td>
</tr>
<tr>
<td>401(k) at 5% (pre-tax)</td>
<td>$(154.17)</td>
</tr>
<tr>
<td>Medical Plan costs</td>
<td>$(98.00)</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td><strong>$2,235.72</strong></td>
</tr>
<tr>
<td><strong>Annual Net Income</strong></td>
<td><strong>$26,828.64</strong></td>
</tr>
</tbody>
</table>
Which Job Would You Prefer?

A Job with Benefits or a Job Without Benefits?

Salary of $40,000 a year
- No Benefits
- Health Care costs of $5,400 a year
- $5,000 a year in graduate school costs
- 12 paid days off
- No sick days
- Net Income of $21,100 after health care and graduate school costs
- No Retirement Savings

Salary of $37,000 a year
- Generous Benefits
- Annual value of benefits of $12,217
- 20 paid days off
- 5 sick days
- Net Income of $39,046 adding in the economic value of the benefits paid by the employer
- Retirement Savings of $2,775 after one year (excludes any investment income or gain)

If Tuition Reimbursement is not included, the net income is $26,100 (for the $40,000 salary) vs. $39,046 (for the $37,000 salary) or 30% greater
<table>
<thead>
<tr>
<th>English</th>
<th>Spanish</th>
</tr>
</thead>
<tbody>
<tr>
<td>net pay</td>
<td>federal tax</td>
</tr>
<tr>
<td>gross pay</td>
<td>state tax</td>
</tr>
<tr>
<td>wages</td>
<td>insurance</td>
</tr>
<tr>
<td>income</td>
<td>401(k)</td>
</tr>
<tr>
<td>benefits</td>
<td>retirement</td>
</tr>
<tr>
<td>salary</td>
<td>Medicare</td>
</tr>
<tr>
<td>FICA</td>
<td>Social Security</td>
</tr>
</tbody>
</table>
Form W-4

**Form W-4 (2017)**

**Purpose:** Completes Form W-4 if you have to withhold federal income taxes from your wages or salary for each year and when your personal or financial situation changes.

**Exemption from withholding:** If you are exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. Complete at least one, If you are not exempt, complete Form W-4. 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Big Tax Refund?

http://wapo.st/2wFgrX8
Time to Think About YOU

- **360 Degrees of Financial Literacy:**
  
  [http://www.360financialliteracy.org/Calculators/Payroll-Deductions](http://www.360financialliteracy.org/Calculators/Payroll-Deductions)

  - Payroll Deductions Calculator

- **IRS Tax Withholding:**
  

  - Withholding Calculator

Assess your current situation...is there one way you can better save or plan your finances through paycheck options?
“I retire on Friday and I haven’t saved a dime. Here’s your chance to become a legend!”
Retirement Planning Strategies

- PAY YOURSELF FIRST.
- Start saving immediately.
- Maximize contributions.
- Have a cash reserve.
- Don’t stop investing at age 65.
- DON’T TOUCH.

Source: National Endowment for Financial Education
Time to KEEP Thinking About YOU

- AARP Online Money Tools:
  http://www.aarp.org/money/money_tools/
  - Retirement Calculator

- 360 Degrees of Financial Literacy:
  http://www.360financialliteracy.org/
  - Online Retirement Pension Planner
  - Online Retirement Income Calculator

Assess your current situation...what steps will you take to better plan for retirement?
Estate Planning

Do you have a planned estate?

- Everyone needs a will
- Durable power of attorney
- Living will
- Medical durable power of attorney/health-care proxy
G-R-E-E-N... OK, NOW PICK A NUMBER...

DOUG BEGINS TO DOUBT HIS FINANCIAL ADVISOR
Professional Assistance?

- Interview the person
  - Credentials?
  - Experience?
  - Strengths match your needs?
- Do you get along with them?
- How are they compensated?
Summary

- Career plans matter.
- Benefits matter.
- W-4s are your friend; big tax refunds are not.
- Pay yourself first.
- Don’t touch your retirement.
- Estate plans matter.
- Consider professional assistance.
Reflection

- What do you wish you had known about earning capacity in your teen/early adult years?

- How can you help your students get off to a good start to develop skills, attitudes, and knowledge to build their earning capacity?