Making Your Employer a Partner In Your Financial Planning

People who look to their employers for nothing more than a weekly paycheck and basic health care insurance are missing the boat.

It makes the most sense to ask a future employer about benefits before you agree to come to work. But even if you have been working for the same company for years, it's never too late to go to human resources to make sure you're getting the most mileage out of your current benefits and maybe pick up a new perk or two. See if you have the following options available, and check with your tax professional or a financial adviser before you make a selection:

Look at health savings accounts: If your employer has converted to a high-deductible healthcare plan, you may have the option of starting a health savings account (HSA). These accounts help workers to save and spend money tax-free for medical expenses not covered by the plan or your deductible. Why are they a good idea? Because you can sock away money tax-free that will cover the amount of the deductible (at least $1,050 for individuals, $2,100 for families) if you need it, and it will grow tax-free over time if you don't.

See if a Roth 401(k) works for you: In 2006, the government gave employers clearance to offer Roth 401(k)s, employer-sponsored retirement plans that allow workers to put all or part of their 401(k)s into a Roth, which allow after-tax money to grow tax-free. Roth 401(k)s allow higher contribution limits -- $15,500 in 2007 plus an additional $5,000 if you're over 50 – compared to traditional Roth IRAs that limit annual contributions to $4,000 with an extra $1,000 for those over 50.

Look for a finders' fee: Companies rarely like to give away money unless they know they're saving some in the process. Many companies are now offering finders' fees to employees who successfully bring new workers in the door. Why? Because it costs considerable money and time to hire people, and employers are happy to see their best employees bring friends and former co-workers in the door. Also, some companies give away special bonuses for bringing in new clients, so don't miss a chance to earn them. However, keep in mind that substantial bonuses may change your tax liability, so keep an eye on that issue.

Check your target bonus amounts: This is usually not a problem for most people who receive annual bonuses, but it makes sense to double check the minimum bonus you should earn annually and what it will take to exceed that limit.

Get flexible: If your company has a flexible spending account for medical, commuting or child-care costs, estimate carefully what you'll need to spend and get on board. While workers can get a chance to spend out their accounts into the next tax year, it's very important to project exact numbers so you won't lose funds at the end of the eligibility period.

Get smart: More than three-fourths of U.S. companies offer education benefits, so if you have the time and inclination, finish that degree or complete a particular course of study to prepare you for your next job or for your enjoyment. Most companies will ask you to stay a certain length of time after receiving such benefits, which is only fair. But education is worth far more than the dollar cost of tuition, so don't pass it up.

Get fit: Some companies negotiate membership discounts to gyms and other fitness facilities, and that's a worthwhile benefit. But these days, with company health care premiums going through the roof, some employers are actually paying employees to lose weight, quit smoking or take other steps to improve their health and lower their boss's costs.

Have some fun: Companies get discounts to a variety of entertainments – the local amusement park, sports events, theaters, restaurants, auto shows and other local events. If they interest you – and particularly if they interest your kids – you'd be foolish to pass up such discounts.

Be proactive: If you hear friends or clients boasting about particular benefits or incentives at their companies, quiz them to find out as much as you can about how their companies afford those benefits. If the story checks out, then go to your own company and ask them if they might consider it.

May 2007— This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by local member Bill Rodau, MS, MBA, CFP® at *Creative Financial Services*, **262-780-0870**, www.imfeeonly.com . The column is provided for your general information only and you should contact this planner or other professionals for specific advice regarding your unique situation.