

Four Financial Steps to Make on Your Employment Anniversary

Here's a toast to you! You've completed another year of dedication, hard work and professional growth. Looking ahead, you are also a bit closer to retirement. Here are four steps you should take to make sure all your diligence helps propel you toward the future of your dreams.

1) Assess Your Compensation



A lot can change in 12 months. You might have new responsibilities, added training or a different job description than you did a year ago. Has your income level reflected that? Is it time to talk with your employer about your career path or your pay scale? In order to make sure your employer is compensating you for your education level, experience and job responsibilities, check out www.glassdoor.com or www.payscale.com to see how what other individuals in your field and with a comparable background earn. This is a great chance to have a discussion with your employer about raise or bonus schedule, or look to see if the greener grass is calling your name.

2) Raise Your Savings Efforts

Many companies often use employment anniversaries as an opportunity to review performance and reward dedication with a pay raise or bonus. When extra cash is delivered, it is very easy to let the enthusiasm get the best of you and spend it all in one place - immediately. However, it might be very fruitful if you can modify your view on spending with a "half now, half later" mentality. Allowing yourself to spend half of your extra take-home will satisfy the itch to buy something new, while saving the other half of your take-home will ensure your savings keep growing. Starting the habit might be hard, but after one or two bonuses, this will start to feel more natural and rewarding.



3) Review Your Employer-Sponsored Retirement Plan

Whether your employer provides stock options, a retirement plan, or a combination of the two, it's important that you review your current portfolio as well as your investment options at least once per year. As you age, your investment objectives and risk tolerance might change. Also, due to growth, your portfolio might drop out of balance over the course of 12 months (meaning that the ratio of stocks to bonds to cash in your portfolio is no longer the ratio you started with). While some plans are starting to automate the process of rebalancing your portfolio based on your age and the risk tolerance you select, a large majority still do not. It's important that you review your current portfolio to make sure it still reflects your investment objectives. Secondly, there's a good chance that your investment options might have changed over the last 12 months, as well. New funds might now be available to you, or due to a company merger, your existing funds' performance might be quite a bit different than when you first purchased them. If you need help reviewing and understanding your options, be sure to make an appointment with your HR department so all your questions can be answered.

4) Setting the Stage for an Upgrade

If your career isn't where you'd like it to be, could extra training, mentorship or classes help get you there? Your employment anniversary is a great chance to assess where you are, where you want to go, and what steps you can take now to get yourself there. It's quite possible that in order to move up the organizational ladder or earn new job responsibilities, you might need software training, additional education or personal development/enrichment classes that will mold you into a better leader. All of these will require some amount of money. However, if you think of it as investing into your future – ensuring that you'll be earning more money in a career path you love – it's a much easier check to write. Research the options available to you (both online and locally) that will take you to the next step on a timeline and schedule that works for you. Another 12 months lay ahead – perhaps you'll have even more to celebrate on your next employment anniversary!

