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The sole purpose of the information presented in this course is to provide general information and education about the financial industry and different types of investments. It is not intended to provide specific financial advice or recommendations for any individual, or on any specific security or investment product. It is very important for you to do your own analysis before making any investment, based on your own personal circumstances.

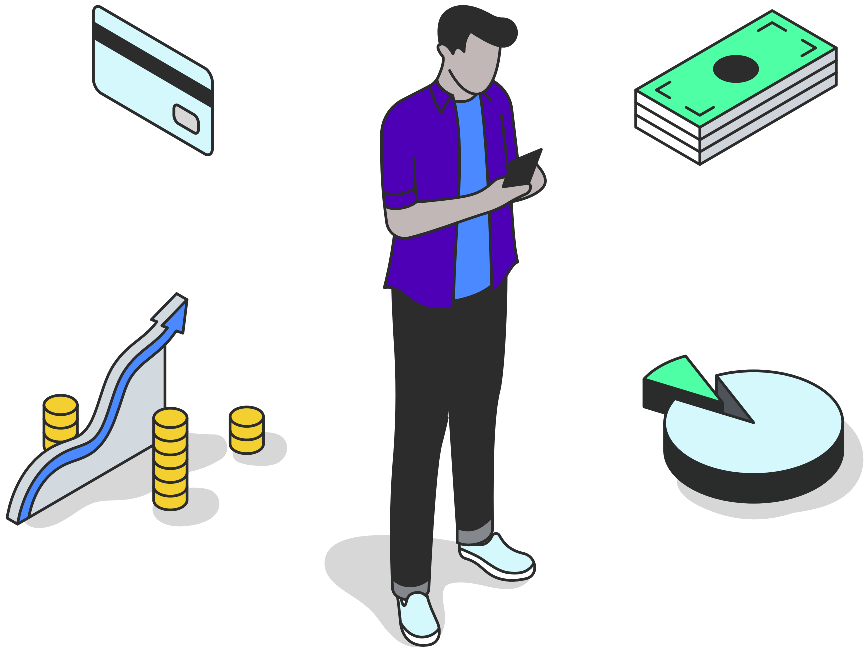
Nothing in this course constitutes investment advice, performance data, or a recommendation that any security, portfolio of securities, investment product, transaction, or investment strategy is suitable for any specific person. The information presented in this course is subject to change at any time, without notice.

SECTION 1

Personal Finance

MODULE 1

Intro to Financial Literacy



OVERVIEW

In this lesson, you will start to understand how financial planning, goals, and habits can have a major impact on the trajectory of your financial future.

UPON COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- Examine your relationship with money
- Consider your financial choices
- Begin the process of financial planning
- Create SMART financial goals
- Begin building strong financial habits

1.1: Intro to Financial Literacy

Introduction

Welcome to the Nucleus Financial Literacy course, where we will help you develop essential financial knowledge and skills that you can utilize throughout your life. The information you will learn in this course will empower you to make wiser financial decisions, grasp how money functions, and become more financially successful.

During this course, we will cover the basics of personal finance, including topics such as banking, credit, budgeting, and taxes. Furthermore, we will delve into economic concepts such as capitalism, inflation, and monetary policy. Lastly, we will explore various wealth-building methods, such as investing in stocks and bonds, real estate, retirement funds, and financial planning.

Understanding Financial Literacy

Financial literacy

A term for achieving a sufficient level of knowledge and skill to make informed choices about money

To begin, the concept of **financial literacy** entails possessing the knowledge and skills necessary to make informed decisions regarding your finances. By comprehending how money works, you gain more control over its impact on your life. Conversely, lacking an understanding of money can lead to money controlling your life instead.

Unfortunately, a significant portion of the population lacks financial literacy. Studies reveal that approximately 75% of teenagers lack confidence in their financial education,[1] 80% of parents wish they had learned more about money in their youth,[2] and one in four Americans feel they have no one to turn to for financial advice.[3]

1. "Survey Finds Gen Z Lacks Knowledge and Confidence in Personal Finance and Investing," PR Newswire, April 1, 2021, https://www.prnewswire.com/news-releases/survey-finds-gen-z-lacks-knowledge-and-confidence-in-personal-finance-and-investing-301260281.html.

Financial Fact

According to a report by the Federal Reserve, 37% of adults in the United States said that they could not afford to pay for a hypothetical $400 expense unless they borrowed money or sold something they owned.[4]

Financial Responsibilities

Throughout your lifetime, you will have many **financial responsibilities**, such as paying bills and providing for your family's basic needs. Failing to fulfill these responsibilities can have severe repercussions for both you and your loved ones.

Financial responsibility

An obligation or duty that a person must fulfill in order to meet their survival needs and avoid serious financial hardships; this obligation can include paying bills or providing food, shelter, and clothing for one's family

Sadly, many individuals struggle to meet their financial obligations and spend their lives tirelessly working to cover bills—without being able to enjoy their money as they wish. Research indicates that approximately half of US adults live "paycheck to paycheck," meaning they spend nearly all of their earnings without saving or investing for the future.[5]

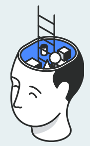
Financial flexibility

The ability to spend money on things that you want while still affording your basic needs and saving for your future

2. Chris Melore, "Are you financially literate? Most parents wish they knew more about money growing up," StudyFinds, January 13, 2021, https://studyfinds.org/financially-literate-most-parents-wish-they-knew-more-about-money-childhood.
3. Terry Turner, "47+ Fascinating Financial Literacy Statistics in 2023," Annuity.org, December 16, 2024, https://www.annuity.org/financial-literacy/financial-literacy-statistics.
4. "Report on the Economic Well-Being of U.S. Households in 2022 - May 2023," The Federal Reserve, accessed February 18, 2025, https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-expenses.htm.
5. Kamaron McNair, "Nearly half of Americans say they live paycheck to paycheck," CNBC, November 19, 2024, https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-expenses.htm.

Financial independence

Having enough money and assets to meet all of your present and future wants and needs—so that you do not need to worry about your financial situation or depend on a job to earn money



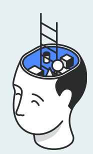
On the contrary, being financially literate and managing your financial responsibilities effectively can lead to **financial flexibility**. This, in turn, grants you the freedom to use your money in ways that you want. Perhaps someday you can even attain **financial independence**, where you have sufficient financial resources to spend your time the way you choose—without needing to worry about money.

To achieve these higher levels of financial well-being, the first thing you need to do is to become financially literate, and the earlier you start in life, the higher your chances of success will be.

Your Relationship with Money

Relationship with money

The role that money plays in a person's life, including how they think about, spend, save, and interact with money; it has a big impact on someone's ability to achieve financial success



In this course, we will explore various facets of financial literacy, starting with your relationship with money. Your **relationship with money** encompasses how you perceive money, your spending and saving habits, and the role money plays in your life.

Many people harbor a negative relationship with money. This may be because they see money as a bad thing, neglect their financial responsibilities, or feel uncomfortable talking about money. One telling statistic is that a significant portion of Americans would rather discuss politics, religion, or death instead of talking about their personal finances.[6]

You can also have a negative relationship with money if money controls your life, if money becomes the only thing you care about, or if you prioritize money at the expense of your values and important relationships.

6. "Two-thirds of Americans have decreased spending due to economy, Wells Fargo Money Study finds," Wells Fargo Newsroom, February 27, 2024, https://newsroom.wf.com/English/news-releases/news-release-details/2024/Two-thirds-of-Americans-have-decreased-spending-due-to-economy-Wells-Fargo-Money-Study-finds/default.aspx

Financial Fact

Studies show that many Americans would prefer to discuss politics, religion, or death rather than talk about money and personal finances. This illustrates why it is important to cultivate a positive relationship with money—so it does not become something you feel uncomfortable about or fear.

Conversely, a positive relationship with money involves striking a balance: You acknowledge that money is important, but you do not live in fear of it, either. You learn how to earn money and build wealth while staying true to yourself and the people and things you care about.

Positive Relationship with Money

Someone who has a **positive** relationship with money:

- ✓ Speaks openly with friends and family about money
- ✓ Balances their personal values with their focus on money
- ✓ Sets financial goals and is aware of their financial habits

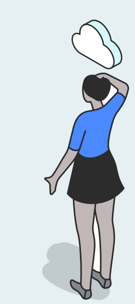
Example: *Sam doesn't let money dictate everything he does in life, but he recognizes its importance and practices good financial habits like saving, budgeting, and investing. He has even set a goal of buying his first home by the time he turns 35.*

Negative Relationship with Money

Someone who has a **negative** relationship with money:

- ✗ Gets uncomfortable discussing money with others
- ✗ Is hyper-focused on money, or neglects to think about money
- ✗ Ignores responsibilities and spends carelessly

Example: *Sienna doesn't like to discuss or think about money because it makes her stressed. Unfortunately, this causes her to overspend, and she doesn't make long-term financial goals or plans. This will likely harm her financial future.*



The origins of your relationship with money can be traced to various influences, including your family, friends, cultural background, media exposure, local socioeconomic conditions, and personal perceptions.

When you evaluate your relationship with money, it is helpful to reflect on questions such as:

- How do I feel when I talk about money with others?
- What do I typically do with the money I have?
- What role does money play in my life and the lives of people close to me?
- What would a more positive relationship with money look like for me?

As you progress through this course, you will likely witness changes in your relationship with money. It is helpful to understand your starting point so you can map out a path to get where you want to go in your financial future.

MODULE 1: INTRO TO FINANCIAL LITERACY

1.2: Financial Planning, Goals, and Habits

Introduction

In this lesson, we will explore four fundamental elements of financial literacy: financial planning, goals, habits, and practices. Becoming knowledgeable and building your skills in these areas will set you up for long-term financial success—especially if you start at an early age.

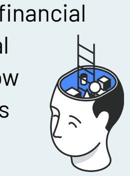
Financial Planning

Starting off, **financial planning** involves creating a financial *road map* for your life, both now and in the future. Doing this empowers you to handle your money effectively, enjoy more security and peace of mind, and position yourself to live the way you want.

Financial planning includes analyzing your current financial situation, establishing financial goals for the future, and identifying the necessary changes you need to make to achieve those goals. For example, you might look at your current spending and create a *budget* so you can spend your money more wisely, or you might plan out how much money you want to save each year for your education, retirement, or investments. You also might work with someone known as a **financial planner** who can help you create your financial road map.

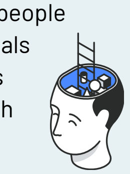
Financial planning

The process of creating a financial "road map" for your life, including: analyzing your financial situation, setting financial goals, and strategizing how you will achieve your goals in the future



Financial planner

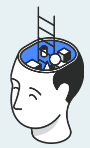
A professional who helps people set long-term financial goals and put various strategies in place to help them reach those goals



Financial Goals

Financial goals

Specific targets or objectives that you set out to achieve financially over the short, medium, or long-term



If your financial plan is your overall road map for long-term success, then your **financial goals** are the specific checkpoints you must reach along the way.

Setting financial goals is a critical component of effective financial planning because your goals act as specific milestones along the path outlined in your financial plan. Without clear goals, you might lack the direction you need to guide your financial decision-making, saving practices, and spending habits. Establishing goals also gives you motivation to work hard, accountability to stay on track, and clarity to understand the impact of your financial decisions.

It is often beneficial to categorize your financial goals based on their timeframe, ranging from short-term objectives (for the next few months) to intermediate goals (for the next few years) and long-term goals for your future and retirement.

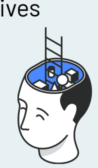
Here are some examples of financial goals you might have:

- Saving a certain amount of money over time
- Limiting how much money you are spending
- Earning a certain amount of money through your job or investments
- Attaining a lifestyle milestone—such as owning a home or taking a vacation

Because your financial goals will impact the people around you, it is a good idea to talk about them with your family so that everyone is aligned with your overall financial plan.

SMART goal framework

A framework for financial objectives that instructs you to set targets that are Specific, Measurable, Achievable, Realistic, and Time-bound



In general, your goals should follow the SMART goal framework, meaning they are:

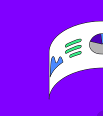
1. **Specific:** a financial goal has a clearly defined objective
2. **Measurable:** you are able to analyze your progress toward your goal
3. **Achievable:** it is possible to accomplish the goal
4. **Realistic:** there is at least a reasonable probability of success if you work hard for it
5. **Time-bound:** you have a specific timeframe in which you plan to accomplish the goal

Here are a few examples of SMART financial goals:

- "I want to save an extra $100 each month so I can invest it."
- "I want to have a job where I make over $75,000 per year by the time I am 30 years old."
- "I want to have $500,000 in savings by the time I retire at age 65."

Making Financial Choices

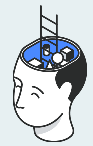
Based on the SMART goal framework, what are two to three SMART goals that you can set for yourself? Remember, each goal should have a clear objective; it should be measurable, achievable, and realistic; and there should be a specific timeframe in which you plan to accomplish it.



Financial Habits

Financial habits

Specific, recurring behaviors and tendencies, both good and bad, that affect someone's finances and their ability to achieve their financial objectives



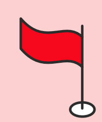
While setting goals is essential, ultimately, you will not accomplish your goals unless you build strong **financial habits**. Good financial habits help you pave the way to reach your objectives, but bad financial habits can take you off track—and sometimes lead to severe financial challenges like debt or bankruptcy.

Let's think about some examples of good and bad financial habits that might be related to achieving the goal we mentioned previously: saving an extra $100 each month to invest.

- A good financial habit you could build to help with this goal would be to take $100 from every paycheck and immediately put it into a savings account—so you are unable to spend it.
- A bad financial habit that would make it harder to achieve your goal would be eating most of your lunches at restaurants because restaurant meals cost much more than meals you make at home.

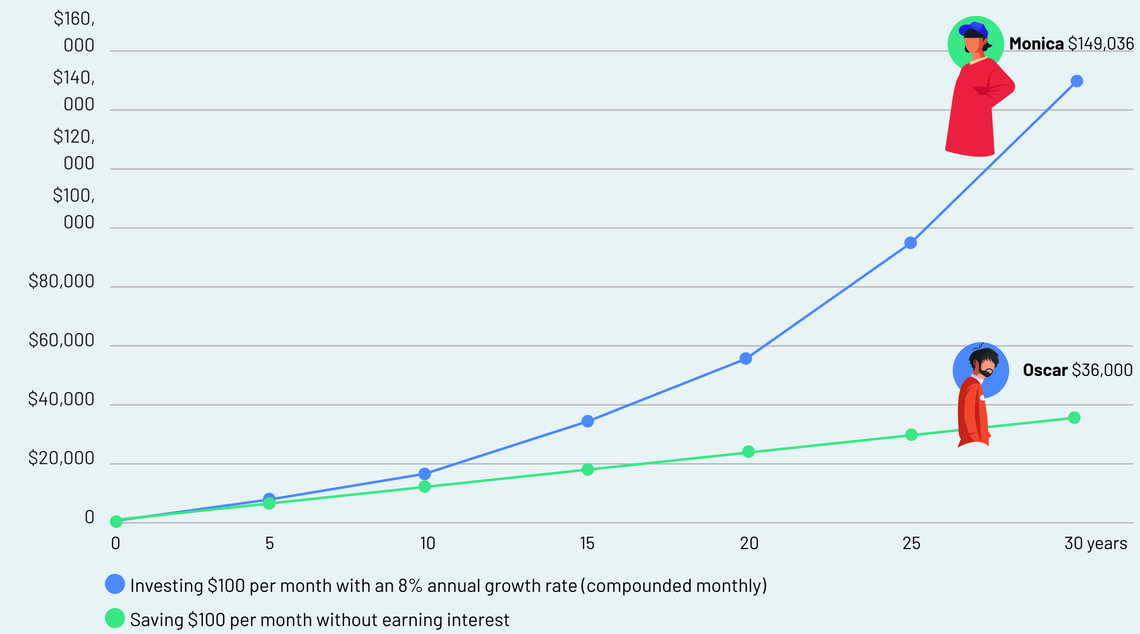
Red Flag

While building good financial habits can lead you to financial flexibility and eventually financial freedom, bad financial habits—such as consistently spending more money than you earn and piling up credit card debt—can have devastating consequences for you and your family members. So, it is important to identify bad financial habits and learn how to avoid or eliminate them



The Long-term Impact of Saving and Investing

This graph demonstrates the impact of saving and investing over a long time period. Oscar's chart shows how much his money would grow if he put $100 per month into a savings account (without earning interest) every month for 30 years, and Monica's chart shows how much money she would have after 30 years if she invested $100 per month with an average rate of 8% annual growth.



As you might have noticed, financial planning, goals, and habits are all interrelated. You cannot make a good financial plan without setting SMART financial goals, and you cannot achieve your financial goals without establishing good financial habits.

Financial Practices

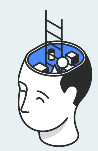
Financial planning, which includes goal-setting and habit-building, is one of the key **financial practices** that we will learn about in this course.

Financial practices are the things you must do, year in and year out, to become financially successful. Beyond financial planning, here are some of the other key financial practices we will explore in this course:

- Making money
- Saving money
- Borrowing money responsibly
- Building good credit
- Accounting and budgeting
- Investing
- Managing financial risks

Financial practices

Key actions and disciplines that, if performed on a regular basis, can help someone achieve financial success



Conclusion

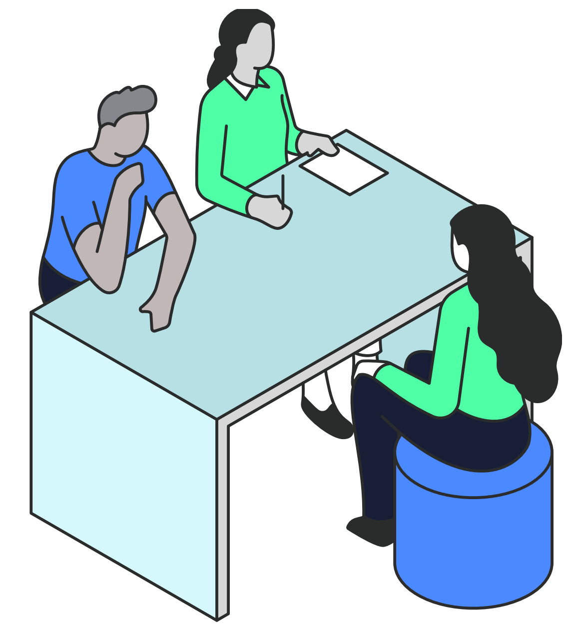
Over one year, implementing these practices might make an impact—or it might not. But, if you maintain these practices over many years and decades, you will be well on your way to securing a strong financial future for yourself and your family members.

On the other hand, if you do not follow these practices—for instance, by spending more money than you make, using credit cards when you shouldn't, making risky investments, or piling up debt—then your finances can suffer in the short and long term (sometimes severely).

This is why attaining financial literacy, building good financial habits, and implementing key financial practices at a young age can benefit you so much in the future.

MODULE 2

Income & Employment



OVERVIEW

In this lesson, you will learn about different types of income and some ways you can earn income, including employment, freelancing, and business ownership.

UPON COMPLETING THIS MODULE, YOU WILL BE ABLE TO:

- Distinguish between different types and sources of income
- Compare and contrast employment with self-employment
- Discuss salaries, hourly wages, commissions, tips, paychecks, and benefits
- Examine a paystub to identify pay details and deductions
- Evaluate job offers and total compensation packages

2.1: Income & Employment

Introduction

In today's lesson, we will discuss two foundational topics in financial literacy: income—which is all the money you make—and employment—which is the way most people earn their income.

What Income Is

> ### Income
> All of the money that you earn or receive—from sources such as your work, investments, inheritances, and government support programs

Making money is one of the key financial practices that will set you up for success—and **income** is the term used to describe all of the money you make. It is any money that comes in to you. As you go through life, you will use your income to pay for living expenses like housing, food, transportation, and clothing—as well as things you enjoy like shopping, hobbies, and vacations.

Types of Income

So, where do people get their income from? The most common way that people get income is to earn it by working. But, income can come from other sources as well.

Let's look at some non-work-related sources of income first:

- You can receive income from gifts, winning the lottery, or inheriting it from a family member who has passed away.

- You can earn royalties, which are a special type of income earned over time by creators of things like songs, books, and inventions.
- And you can make investment income from owning stocks, bonds, real estate, and retirement accounts.

There are also some forms of income that come from government support programs. For example, when you reach a certain age, you start receiving Social Security income, which is a benefit to help older people pay for their living expenses during retirement. Other government support programs exist to help people who lose their jobs, have a disability, or do not earn enough money to support themselves. These programs are called unemployment, disability benefits, and welfare.

> ### Red Flag
> Although you may expect to receive non-work-related income at different times in your life, it can be risky to expect to depend on these types of income. For instance, you might anticipate receiving an inheritance from a family member, or you might expect to gain income from Social Security or your investments once you retire—but these sources of income are not always guaranteed. So, you should plan for your financial future with this in mind.

How People Earn Income

Although people can earn income from non-work-related sources, the vast majority of people get their income from the work that they do.

When you work, you earn income in exchange for creating economic value in the marketplace. **Economic value** comes from either doing or making something that someone else is willing to pay for.

There are two primary ways of creating economic value:

1. By providing a service—such as teaching students, mowing lawns, or building websites.
2. By creating products that other people want or need, such as artwork, electronics, or hamburgers.

> ### Economic Value
> Value that you create in society by either doing or making something that someone else is willing to pay for—such as a product or service

Income

The capacity that any individual worker has to provide value through their work—based on their level of skills, professional relationships, experience, and education

Earning potential

Your ability to make income from the work that you do; you can enhance this ability by gaining more skills, knowledge, experience, and connections in your career

Products and services that provide more economic value will generate more income—and workers who play a more important role in the delivery of these products and services will typically earn a larger share of this income.

The amount of economic value that any individual worker provides is called their **human capital**. And each worker's human capital is tied to their **earning potential**—which is that person's ability to generate income. So, to increase your human capital, you can acquire more education, skills, experience, and connections. And, as you do this, you will also increase your earning potential.

When you first start your career, you won't have much knowledge or experience to bring to the marketplace, so your human capital and earning potential will be relatively low. But as you advance in your career, you will gain more knowledge, skills, experience, and connections. All of these things increase your human capital—which in turn will increase your earning potential and income over time.

Ways to Increase Your Earning Potential

Education
Obtaining advanced degrees or certifications can open doors to higher-paying job opportunities.

Skill development
Keeping your skills up-to-date and mastering new tools and methods makes you valuable in the job market.

Job experience
Working for quality companies and building your resume over time makes you attractive to employers.

Networking
Building a strong network of professional contacts helps you find good jobs and fast-track your career.

Additional income streams
Investing, freelance work, and side hustles help you earn money beyond the income from your regular job.

Income Through Employment

Now that you see how and why people earn income for the work they do, let's explore some different ways that people can participate in the economy and earn money from their work.

The most common way is through **employment**. To be employed means that another person or company has hired you to work for them in exchange for payment. In this relationship, you are called the **employee**, and the person or company who hires you is your employer.

Employment

A formal working relationship between a person and a company or organization, in which the person is hired on a long-term basis to perform work for the organization in exchange for compensation and benefits

Employee

A person who works for a company or organization and receives regular paychecks, along with other potential benefits and perks, in exchange for their work

As an employee, you are usually a member of a larger team where you play a specific role in the company's creation of economic value. Your employer has significant control over what your schedule will be, what rules you'll have to follow, and what tasks you will work on. Also, as an employee, you'll receive regular paychecks, as well as employee benefits.

Income through Self-Employment

Now, working as an employee is the most common way for people to earn money—but it is not the only way. Many people are self-employed, either as independent contractors or as business owners. When you are self-employed, you are not an employee of another company, and you have much more flexibility and control over your work.

An **independent contractor** is a specific type of self-employed person who works on a contract basis. This means another person or company hires the contractor to provide specific services over a period of time—or to complete a single project. Contractors get paid for their work based on the terms of each contract, but they do not receive employee benefits from the company that hires them. Compared to being an employee, however, an independent contractor has more freedom to decide which jobs they will take and what their work schedule will be.

Independent contractor

A self-employed person who does freelance work on a contract basis—meaning they are hired to complete a specific project or provide certain services for a specific period of time

There are also self-employed people who are **business owners**. Business owners can be similar to independent contractors—and some may do contract-based work—but they are different from contractors because they also sell their own products or services directly to the market.

Business owner

A self-employed person who may hire other workers and who sells their products or services directly to the market—as opposed to only being hired for specific projects

Examples of business owners who are not independent contractors would include a lawyer who owns their own practice, a pizza shop owner, and someone who sells their artwork online. These people are business owners because they sell products and services to the market—rather than only being hired for specific projects like a contractor would be.

Making Financial Choices

As you have just learned, there are many ways of earning income from the work that you do—for instance, as an employee, an independent contractor, or as a business owner. At this point in your life, do any of these options appeal to you more than others? If so, why?

Multiple Sources of Income

It is important to note that many people might fit into more than one of these categories—in which case they would have multiple sources, or streams, of income. For example, you could have one income stream from being an employee at an accounting firm, and another from driving for a rideshare company on the weekends. Or, you might do graphic design for companies as an independent contractor while running your own wedding photography business at the same time.

In general, the more income sources you can create for yourself—and the more income you can generate overall—the more resilient you will be financially. That is why making money is a key financial practice.

MODULE 2: INCOME & EMPLOYMENT

2.2: Employee Compensation

Types of Employee Income

Now that we have explored the fundamentals of income, let’s dive deeper into the realm of employee compensation, which encompasses both income and benefits.

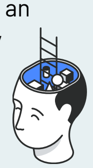
The income that people earn for working as an employee comes in four primary types:

1. **Salaries**
2. **Hourly wages**
3. **Commissions**
4. **Tips**

Salary

Salary

A specified amount of money that an employee makes, most commonly on a yearly basis; it does not depend on how much time the employee works each pay period



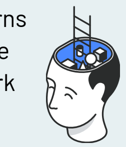
A **salary** is a fixed amount of money an employee gets paid, usually on a yearly basis. For instance, if a software developer makes $100,000 per year, that amount is their annual salary. They will get paid $100,000 over the full year—no matter how many days or hours they work.

Hourly Wages

Hourly wages, on the other hand, are not paid per year—they are paid per hour. Someone who works as a store clerk, for example, might make $15 per hour. If they work for four hours, they would earn $60 of income, since 4 x $15 = $60.

Hourly wages

Income that an employee earns which is directly based on the amount of time that they work during a pay period



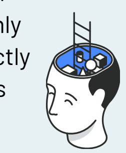
Commissions

Commissions are a specific type of income that is usually paid in addition to an employee’s salary. They are used to reward an employee based directly on their performance, rather than just paying them for their time.

A commission is normally a percentage of each sale that a salesperson makes. So, if a car salesperson earns a 10% commission on every sale and sells a car for $20,000, they would earn a $2,000 commission, since $2,000 is 10% of $20,000.

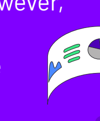
Commission

A performance-based type of income that is most commonly paid to salespeople and directly based on the amount of sales they generate



Making Financial Choices

Many jobs that pay commissions offer employees the chance at a high earning potential; the more sales each employee makes, the more commissions—and the more money—they will earn. However, these types of roles may pay lower guaranteed salaries and can place a lot of pressure on employees to make lots of sales to earn their livelihoods. Does this type of payment structure appeal to you? Why or why not?



Tips

Tip

An additional payment that a worker earns which is paid to the worker directly by the business's customers—rather than by the worker's employer

Tips are the fourth form of employee income. A **tip** is an additional payment that someone earns on top of their salary or hourly wages. However, unlike commissions, tips are not paid to workers by their employers—instead, the customers pay tips directly to the workers. For instance, servers at restaurants often make the majority of their income by receiving tips from people who dine in their restaurants.

Receiving Employee Income

Now that you understand the different types of employee income, let's look at some of the details of what happens when employees get paid.

Most companies will pay their employees with either a physical check or a direct deposit into each employee's bank account (although employees who earn tips may receive them in cash). These days, direct deposit is the most common payment method because it allows employers to pay their employees digitally, without the need for physical checks.

Paychecks

Whether physical or digital, paychecks are given out once every pay period—which at most companies happens every two weeks. Along with each paycheck comes something called a paystub.

Gross pay

The total amount of money an employee has earned during a pay period before any deductions are taken out

Your paystub will include some more details about your pay, including:

- Your **gross pay**, which is the total amount of money you have earned during that pay period
- Any **deductions** that will be taken out of your gross pay
- And your **net pay**, which is the final amount of money you are receiving after all the deductions have been taken out

Net pay

The final amount of money that an employee receives in a paycheck after all taxes and deductions have been taken out

Deductions include:

- **Income taxes** that you have to pay to the government
- FICA taxes which fund Social Security and Medicare programs
- Contributions you make toward your own health insurance or life insurance policy
- Any employer-sponsored retirement plans

Deductions

Sums of money taken out of an employee's gross pay to cover things such as income taxes, FICA taxes (for Social Security and Medicare), and employee contributions to health insurance and retirement plans

Income taxes

Money that you have to pay to the government which is based on the amount of money that you've earned over a specific time period

There can be a big difference between your gross pay and your net pay—because taxes and deductions take a big chunk out of your gross pay. It is important to be aware of this when you do your financial planning; you should base your decisions on your net pay as opposed to your total salary.

Financial Fact

On average, most single American workers' net pay, or take-home pay, is approximately 75% of their gross pay, which is the total amount of income that they make in a year—and this figure does not include the costs of health insurance plans. This means that approximately 25% or more of each single worker's earnings go toward deductions for income taxes, Social Security contributions, and other costs.[7]

7. "Taxing Wages 2024," The Organisation for Economic Co-operation and Development (OECD), accessed February 18, 2025, https://www.oecd.org/content/dam/oecd/en/topics/policy-issues/tax-policy/taxing-wages-united-states.pdf.

Employee Benefits

Employee benefits

Non-income aspects of an employee's total compensation, which may include Paid Time Off (PTO), 401(k) retirement plans, health insurance coverage, and partial company ownership in the form of equity or stock options

Total compensation package

The sum total of all of the benefits you receive in exchange for being an employee; these benefits include your salary or hourly wages, tips, and commissions, as well as any non-income benefits and intangible benefits

In addition to a regular paycheck, employees also often receive **employee benefits** from their employers as part of their **total compensation package**. Your compensation package—or total compensation—includes both your income and any non-income employee benefits that your employer provides.

Non-income employee benefits can add up to be worth a lot of money—and if you were an independent contractor or owned your own business instead of working as an employee, you would likely need to pay for these services out of your own pocket. So, whenever you are considering a job offer that you have received from a potential employer, you should take the employee benefits into account along with the salary.

Employee benefits usually fit into a few categories. Review the table below, which lists the most common types of non-income employee benefits. The table also includes examples showing how you can calculate the total value of these benefits as part of your overall compensation package.

Common Types of Employee Benefits

Insurance Common employer-sponsored insurance benefits include health insurance, dental insurance, workers' compensation insurance, and also disability and life insurance. These benefits can provide access to healthcare for you and your family and help protect you financially.	**Sample calculation** $300/month x 12 months = **$3,600** **annual value**
Paid Time Off (PTO) Common employer-sponsored insurance benefits include health insurance, dental insurance, workers' compensation insurance, and also disability and life insurance. These benefits can provide access to healthcare for you and your family and help protect you financially.	**Sample calculation** 20 days of PTO x $150 daily compensation = **$3,000** **annual value**
Retirement Plans Common employer-sponsored insurance benefits include health insurance, dental insurance, workers' compensation insurance, and also disability and life insurance. These benefits can provide access to healthcare for you and your family and help protect you financially.	**Sample calculation** employer matches $150/month x 12 months = **$1,800** **annual value**
Company Ownership Common employer-sponsored insurance benefits include health insurance, dental insurance, workers' compensation insurance, and also disability and life insurance. These benefits can provide access to healthcare for you and your family and help protect you financially.	**Sample calculation** $20,000 of stock options / 4 year vesting schedule = **$5,000** **annual value**
Employee Perks Common employer-sponsored insurance benefits include health insurance, dental insurance, workers' compensation insurance, and also disability and life insurance. These benefits can provide access to healthcare for you and your family and help protect you financially.	**Sample calculation** $100 of monthly travel + $100 of monthly meals x 12 months = **$2,400** **annual value**

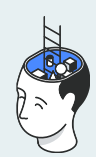
Every employer is different, so there may be a lot of variation between the compensation packages that various employers offer you. For instance, one employer might pay for 100% of your health insurance, while other employers might only pay for a portion of your health insurance and expect you to pay the rest yourself. Some employers might offer flexible paid time off policies, whereas others might not have PTO—but they could offer more in terms of retirement plans and company stock options instead.

As you enter the workforce and evaluate whether you would like to work for different companies—or do freelance work or start your own business—your total compensation package is important to think about. Although sometimes you can make more income through contract work or by owning your own business, you should also factor in the extra costs you will have to pay to receive the same perks and services that you would get as an employee.

Intangible Benefits

Intangible benefits

Aspects of a job that do not have a dollar value attached to them but may still be important to an employee; these include work-life balance, passion for the job, social recognition, and opportunities for career progression



When you are thinking about potential career options, you should consider the intangible benefits, too. **Intangible benefits** are the aspects of a job that do not have a specific dollar value attached to them, but which may still be very important to you.

Examples of intangible benefits include:

- Your passion for the job and the impact you will make
- The social connections and networking opportunities the job will provide
- How much enjoyment you will get out of going to work each day
- Increases in your human capital that will enhance your resume and earning potential
- Any honors or respect that you will gain in your community

Conclusion

As you can see, understanding the various ways to earn and enhance your income is a crucial component of financial literacy. Armed with this knowledge about sources of income, types of employment, and the various forms of employee compensation, you will be able to make more informed decisions about your career. This, in turn, will empower you to enhance your human capital and earning potential—so you can build the kind of financial future you desire.