

OFFER LETTERS & CONTRACTS

WHAT IS AN OFFER LETTER/CONTRACT?

Offer letters and contracts are documents presented by employers that establish an employee and employer relationship. These are legal documents that can contain a wide range of information, but typically include compensation, benefits information, start date, term, job title, and job classification information.

- An **offer letter** is typically shorter than a contract, and may only cover the basic details stated above. You can request additional information on top of what is provided, such as a job description.
- A **contract** will go into more detail than a job offer because it has to define terms of employment in greater detail. Contracts are more likely to define a term (duration of employment), union status if applicable, and agreements related to your employment such as non-compete clauses.

Because these are both legal agreements between yourself and an employer, it is important that you know precisely what you are agreeing to prior to signing these documents. Ask the employer for a few days to review the documents prior to signing.

RECEIVING AN EARLY JOB OFFER

It can be exciting to receive a job offer early on, but there are several things you should consider before accepting. First, if you accept the offer early, you have made an agreement with that employer. That means if another job offer comes in that is more lucrative, it would be considered poor professional behavior to step away from that offer before starting (and depending on the details of the offer, could come with consequences).

CONTINGENT JOB OFFERS

Some job offers will be contingent on meeting certain criteria (i.e., maintaining a certain GPA, completing a class with a certain grade, graduating, passing a background check or drug screening), and may be invalidated if those criteria are not met.

MAKING THE DECISION TO ACCEPT

Choosing to accept a position is a big decision, and you should think about the compensation, benefits, long-term career impact, lifestyle changes, and professional training opportunities of the position before saying yes. It is advised that you read *Negotiating an Offer*, and meet with your career counselor, prior to making an official decision.

FOLLOWING GUIDELINES OF AN OFFER

Once you have accepted an offer letter or a contract, you have made an agreement that is not just legally binding, but also in good faith that you will dedicate yourself to the company.

- Verify terms of acceptance (returning a signed letter, replying by a certain date, or otherwise following a stated process).
- If a term has not been explicitly stated, it is still considered unprofessional to leave a company soon after joining. The actual expectancy of staying in a position changes between industries, but plan on dedicating time and energy to any role you accept.
- Any compensation received upfront (relocation, signing bonuses, etc.) may come with expectations of reimbursement if you do not stay with the company for a certain period of time.
- If an aspect of an offer is not made explicitly clear, ask for written clarification (in the form of an employee handbook, a copy of a benefits package, a detailed job profile, or an email explanation).

TERMINOLOGY

Compensation: Monetary (salary, bonuses) and non-monetary (transportation, healthcare, educational reimbursement) remuneration for work completed in a position.

Salary: Annualized salary is your total salary prior to taxes taken out over the course of a year, and is the typical expression of salary, but offers may express it differently. To convert different wage types to annualized salary:

<u>Wage Type</u>	<u>Conversion to Annualized Salary</u>	<u>Example</u>
<i>Hourly</i>	Hourly Rate x Hours Per Week x 52	\$18.75/hour x 40 hours/week x 52 = \$39,000
<i>Weekly</i>	Weekly Rate x 52	\$750/week x 52 = \$39,000
<i>Bi-Weekly</i>	Bi-weekly Rate x 26	\$1,500/bi-weekly x 26 = \$39,000
<i>Monthly</i>	Monthly Rate x 12	\$3,250/month x 12 = \$39,000

Benefits: The other aspects of your compensation outside of salary. Could potentially include health insurance, retirement, short-term disability, vacation time, bonuses, merit increases, etc.

Job Classification: Used internally in companies to determine salary bands, growth potential, and other features of a position.

Job Description: A general description for a position, most often seen as a job posting.

Job Profile: More detailed than a job description, also includes measurements for success in a given position.

Salary Band: Identifies highest and lowest salary possibilities in a role and merit increase potential if applicable.

Cost of Living Adjustment (COLA): Adjustments in salary based on changes to the cost of living estimates.

Merit: Scheduled salary increases based on your performance in your role.

Bonus: Under compensation, a bonus may be provided as an additional revenue source. There are many types of bonuses, including *signing* (a one-time bonus when you agree to employment), *annual* (received each year if certain criteria are met), *discretionary/spot* (bonuses given based on achievement), and others.

Exempt/Non-Exempt: If a position is paid overtime or not (“exempt” from overtime laws). Typically, salaried and white-collar positions are classified as exempt, as hours are not tracked, but this is not always the case.

Term: Length of employment. Temporary employment or set contract assignments may have a fixed end date or a clause that will indicate when/if an extension would occur. Employment may also be defined as “at-will.”

At-Will Employment: A condition of employment that states employers may discharge employees for any reason, and an employee is free to quit for any reason, including finding a new position or retirement. Note that employees are still protected from illegal discharge under federal statutes including the *Civil Rights Act of 1964*, *National Labor Relations Act*, *Americans with Disabilities Act of 1990*, and others.

Relocation: Moving to a new area for a position. If an employer requires relocation as a stipulation of employment, ensure you have the resources to move prior to accepting. Employers may offer a relocation stipend to assist in moving.

Non-Disclosure Agreement: A clause that indicates you will not reveal certain types of information about the company to outside parties for a set period of time.

Non-Compete Agreement: A clause that dictates your interaction with companies in the same industry, potentially including a minimum time before you can be considered employable at that organization.

Proprietary Information: A clause that dictates ownership of any creative or intellectual property that you create during your employment. If you are in a creative field, you may ask to provide a list of your copyrights, inventions, and products to protect your ownership of those entities.

Moonlighting: Your ability to do work outside of this position (for example, take on a part-time job outside of your current work).

Union: A labor organization that represents the collective interests of workers in negotiations with employers over wages, hours, and working conditions.