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A new job could bring new financial opportunities.

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As of May 2014, the United States finally regained the jobs lost in the recession, according to the Bureau of Labor Statistics. And while this statistic doesn't account for population growth since 2008 or the relative income these newer jobs provide, one thing is certain – every month, people are switching careers or starting new ones. July's Wealth Management Insights considers the financial decisions new employees make when starting a new job and how they can maximize their impact.

Since 2008, the United States lost more than 3 million construction and manufacturing jobs, but gained more than 4 million jobs in education, healthcare and professional services.

What you should know:

1. If your employer offers a 401(k) or other retirement plan, make sure you understand how it works.

- You may get to choose between a traditional 401(k) and a Roth 401(k). If you expect to be in a higher tax bracket in retirement than you are now, you may consider a Roth 401(k), which taxes contributions but not qualified withdrawals.
- The IRS allows an annual maximum of $17,500 for 401(k) contributions, including any made at a previous employer. However, employees aged 50 or older may also qualify for catch-up contributions, which would allow an extra $5,500 per year.
- Your investment objectives and risk tolerance may be different at age 25 than age 55. Be sure your 401(k) investments reflect your current goals and proximity to retirement.

2. Health insurance plans can provide peace of mind, but they have many variables to consider.

- Your deductible and premiums are only your upfront medical costs. When comparing health plans, be sure to also compare what you're responsible for after meeting your deductible as well as your out-of-pocket maximums. The option of a health savings account or health reimbursement account could also affect your decision.

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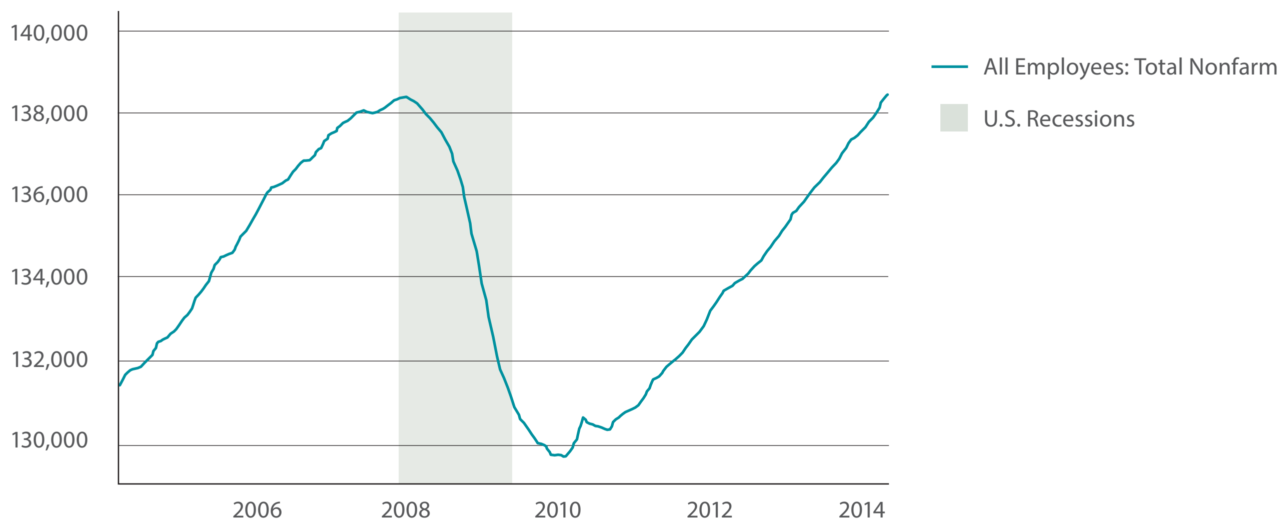
- If you were on COBRA before starting your new job, you may want to continue coverage if you have already met your deductible or out-of-pocket maximum for the year, or if coverage on your new plan doesn't begin right away.
- Your new health insurance plan may not match the benefits of your existing plan one-for-one. Look for redundant coverage with existing plans or any gaps in coverage.

3. Open enrollment provides an opportunity for smart financial decision-making.

- Decisions you make in open enrollment can lower your tax liability. By arranging for pretax deductions for certain allowable expenses, such as those for medical, transportation and child care, you reduce your taxable income.
- Open enrollment can be active or passive. If your company has passive enrollment, your choices are renewed automatically – even if they no longer apply to your situation.
- If you are in a dual-income household, make sure your open enrollment choices sync up with your spouse's, both in terms of benefits and timing.

What you should do now:

Your new employer likely offers benefits that can enrich your life and your wallet. Your Baird Financial Advisor can help you make sure the financial decisions you make when starting a new job are right for your situation. ■



Source: U.S. Department of Labor: Bureau of Labor Statistics

It took more than six years, but the United States finally regained the jobs it lost during the Great Recession.

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