



## Switching careers? Let's talk finances, and not just salary

By **BRIAN PEDERSEN**  
brianp@lvb.com

When it comes time to switch careers midstream, finances drive many aspects of the decision.

Money influences so many factors that it easily rises to the top when employees make the decision whether or not to jump ship. While salary naturally

comes to mind, other factors, including stock options, tax impact, health benefits and existing assets, all play a critical role when deciding whether or not to embark on a new career path.

"I think you have to look at everything, really look at the whole financial picture and where am I best served and where I am going," said Bruce Palmer, Certified

Public Accountant and principal for Buckno Lisicky & Co., which has locations in Bethlehem and Allentown.

### STOCK OPTIONS

If a departing employee has equity or stock in the company, this issue may have been addressed at the time of acquisition of equity or stock. But

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### CONSIDER THESE:

When deciding on a new career or switching jobs, financial considerations to consider include:

- Salary.
- Stock options.
- Tax impact.
- Health benefits.
- Existing assets.

## Inside

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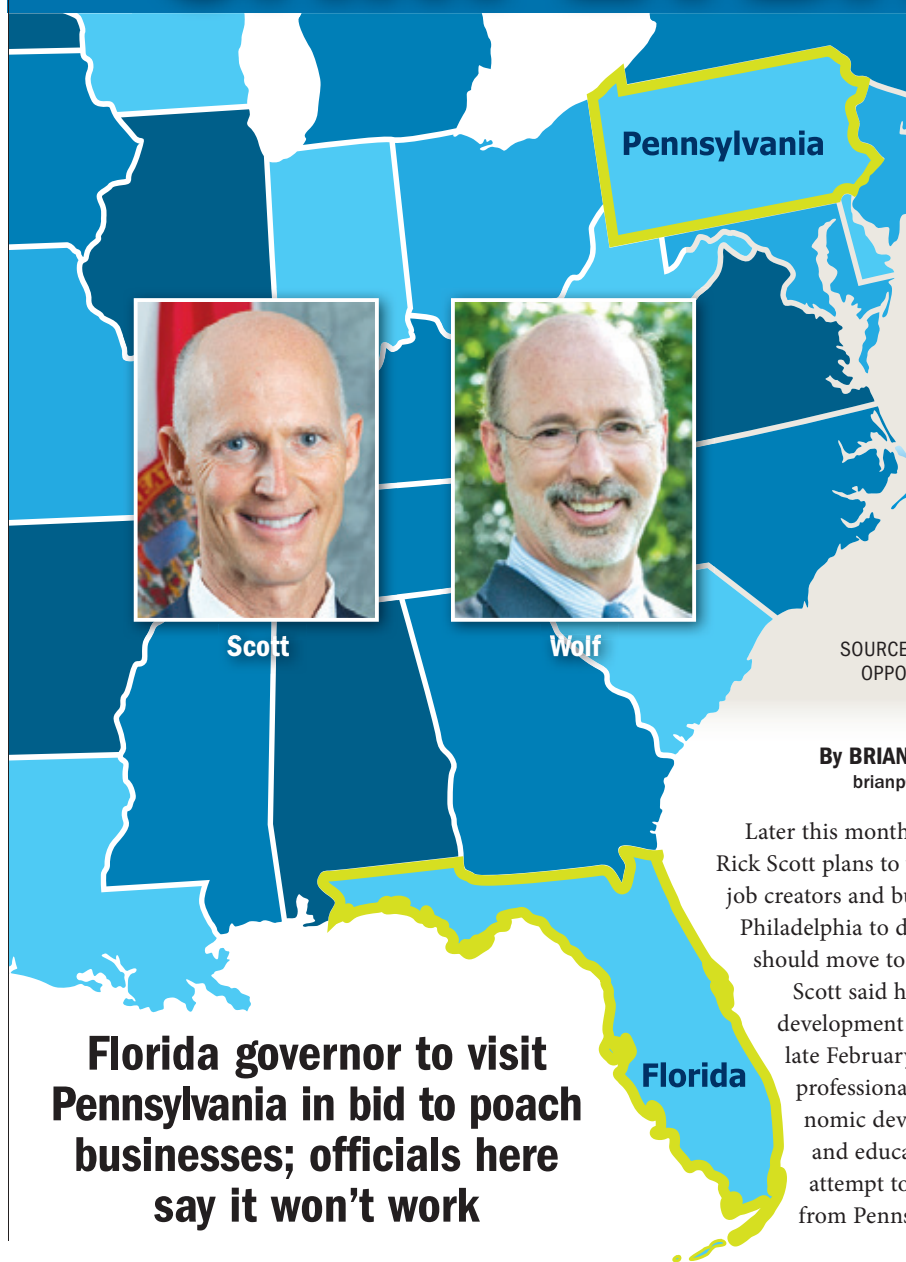


### BEHIND THE LIST

Christine Andrew says NE PA Community Federal Credit Union holds financial education workshops for its members and the community.

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# CARPETBAGGER?



## THE BATTLE FOR BUSINESS

Florida Gov. Rick Scott wants to raid Pennsylvania to lure businesses to the Sunshine State. A spokesman for Pennsylvania Gov. Tom Wolf calls the move a political stunt. Here is a business scorecard on the two states:

- **LOCATION** – Pennsylvania is in the middle of the heavily populated U.S. Northeast corridor and close to the Canadian market. Florida is in the southeastern tip of the nation.
- **STATE CORPORATE-TAX RATE** – With 1 being best, Florida ranked 14, Pennsylvania ranked 46.
- **STATE BUSINESS-TAX CLIMATE** – With 1 being best, Florida ranked 5, Pennsylvania ranked 34.
- **STATE PERSONAL-INCOME TAX** – Florida has no personal income tax; Pennsylvania's is 3.07 percent.
- **WORKFORCE AVAILABILITY** – Both states are in the top six in terms of population. Florida's unemployment rate is 5.6 percent as of December 2014; Pennsylvania's is 4.8 percent.

SOURCES: THE TAX FOUNDATION (2014 DATA), FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY, PENNSYLVANIA STATE DATA CENTER, BUREAU OF LABOR STATISTICS

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Later this month, Florida Gov. Rick Scott plans to visit Pennsylvania job creators and business leaders in Philadelphia to discuss why businesses should move to the Sunshine State.

Scott said he will lead a business development mission to the city in late February, bringing with him professionals from Florida's economic development, tourism and education groups in an attempt to lure businesses away from Pennsylvania.

His goal: to make Florida the No. 1 destination in the world for jobs.

His plan underscores what many already know – the world of luring business is cut-throat and competitive. But is Scott's foray a heavy offensive move or simply an honest effort to showcase the economic benefits of doing business in another state?

While political motivations are undoubtedly a factor, it's too early to tell what impact, if any, the mission will have on companies in the Greater Lehigh Valley. "From a corporate office perspective,

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**Florida governor to visit Pennsylvania in bid to poach businesses; officials here say it won't work**



## LENS-EYE VIEW OF MANUFACTURING

Students throughout the region get an up-and-close and personal look at manufacturing by shooting for a video contest designed to pique their interest in the industry. The public votes for the winning video.

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if not, it is a concern that will be important to both parties, said Dorota Gasienica-Kozak, an attorney at King, Spry, Herman, Freund and Faul LLC, Bethlehem.

“In my experience, this is not usually a subject that people do not think about in advance before they either sell shares of equity or stock to employees or investors or grant shares as part of compensation,” Gasienica-Kozak said. “Often, there are written documents that address what is to happen with equity or stock if the individual should disassociate from the company.”

These vary, she said. In the case of companies that want to be closely held and limit participation in profits, they may require that shares be sold back to the company at a particular rate or to other shareholders



Gasienica-Kozak

**‘The employee is usually well aware of the risk he or she took when he or she initially agreed to be compensated in whole or in part by stock.’**

– Dorota Gasienica-Kozak of King, Spry, Herman, Freund and Faul

when the employee departs.

However, some companies might be relatively new and cash-poor and not in a position to enter into agreements with employees to buy back stock, Gasienica-Kozak said.

“In that case, the employee might have to take the shares and hold them until they can be sold to a buyer or on the market,” she said. “In the latter case, the employee is usually well aware of the risk he or she took when he or she initially agreed to be compensated in whole or in part by stock.”

### EXAMINE ASSETS, CREATE A BUDGET

Everyone has different priorities, so for someone choosing a new career it’s good to understand why they are doing it, said Jack Payne, chief investment officer for JoycePayne Partners, a fee-only comprehensive financial advisers firm in Bethlehem.

Some people could simply be taking a different career path to make more money, while others could be doing it to get more enjoyment out of their work and contribute more to society – which could play into financial considerations they need to look at, Payne said.

For those people, it’s good to have a realistic budget and know the essential expenses that you have to cover, he said. They should also think about what expenses could come up, including paying for the proper credentials required for the new position, as well as costs that could occur from a successful transition to the new role, such as a new car, wardrobe or increased travel expenses, Payne said.

as life insurance, disability insurance or a retirement account, may not be offered in the new role.

### TAKE IN THE TAX PICTURE

For the tax planning aspect of a client’s career transition, a firm such as Buckno Lisicky & Co. often works with high-level



Payne

**‘Understand that you were on a certain path financially in the previous job. ... Now you are making a decision to move to a different path.’**

– Jack Payne of JoycePayne Partners

corporate people looking to switch careers. In this capacity, the Certified Public Accountant often serves as part of a team that helps the client look at the tax implications of a career switch and matches those projections with a financial planner who offers advice.

If an employee has a bunch of different types of ownership investments and is now leaving a company, he or she might want to consider diversifying those assets, which could include stock investments and retirement accounts, Palmer said.

Typically, a financial planner would encourage a client to have a broad diversification of investments, Palmer said.

A CPA would look at the tax implications to selling shares of stock and make sure the client is aware of the tax burden, while also looking at how to minimize the tax impact, Palmer said.

### HEALTH CARE BENEFITS

Health care is an essential factor to consider when switching careers, and it’s critical even more so now than a decade ago. It pays to know all the facts about a company’s health benefits plan when taking on a new career.

It used to be that employees would sim-

ply choose whatever plan was offered by the new company, but now, there are a lot more choices, said Tom Croyle, president of Lehigh Valley Business Coalition on Health Care, an organization based in Bethlehem.

As a result, the process for employees selecting the right one rises in importance.

“It’s an important part of any decision that someone makes when selecting an employer,” Croyle said. “The variety of products that we see in the marketplace is changing, it’s constantly evolving.”

The variety of health care plans that are offered to employees can range from defined contribution plans to private or public health care exchanges. When switching careers, employees have to determine the best plan for them and their families, he added.

“You have to be able to pay when you go for services,” Croyle said. “A lot of people are paying a fairly high deductible.”

The trend is for deductibles to keep going up, and with health care exchange plans, deductibles could be several thousand dollars, he added.

More and more employers also are raising the costs for employees who add beneficiaries to their health plans, Croyle said.

This added factor of health care costs is an important piece for people to consider when taking on a different career since plans vary.

“The rising costs of health care, which we don’t seem able to solve, has resulted in employers shifting more of the costs to employees,” Croyle said.

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why most companies are in the Lehigh Valley and Philadelphia is because they made a decision to be in the Northeast corridor,” said Don Cunningham, president and CEO of Lehigh Valley Economic Development Corp.

A big part of economic development is keeping companies in your backyard and helping them grow, Cunningham said.

“Every state would love to have a road show with their governor selling their state. The reality is it’s a much, much deeper level of decision,” Cunningham said.

As an example, any type of company in manufacturing, consumer products or the retail business would find Florida to be a very costly place to distribute from because the company would be far from its markets. In contrast, Pennsylvania, particularly the Lehigh Valley region, offers access to a good part of the United States population, Cunningham said.

“It all comes down to, ‘What are the needs of an individual business?’” he said.

### NO IMPACT

While Cunningham applauded the Florida governor for taking the time to make individual visits, Tony Iannelli, president and CEO of the Greater Lehigh Valley Chamber of Commerce, said he does not expect a huge exodus of business.

“I don’t think it will have any impact at all,” Iannelli said. “Certainly we have had competition across the U.S. It’s been a very competitive market for some time.”

Competition for business also comes from international markets, Iannelli said.

Aside from the benefits of a strong transportation system, location and workforce, the Greater Lehigh Valley also has a more affordable region for doing business.

“The Lehigh Valley is hugely affordable compared to other markets,” Iannelli said.

### ‘UNPROFESSIONAL’

Jon Scott, president and CEO of Greater Reading Economic Partnership, said his organization does not try to pilfer business from other locations.

“We have found that a lot of people consider it to be unprofessional to do that,” he said.

Scott said it was highly unlikely that a company headquartered in one state would move its headquarters to another state because of a governor’s visit.

However, some companies might move other offices, such as such as a call center, to another state, Scott said.

Often a governor might visit another state to encourage businesses to expand operations to that state or export from Pennsylvania to another state, rather than moving a company’s headquarters, Scott said.

### GIVING BUSINESS AN EDGE

When businesses locate in Pennsylvania, they have the opportunity to benefit from all of the state’s resources and advantages, including strategic location to markets, comprehensive transportation network of highways, rail, airports and ports; access to a highly skilled and innovative workforce; world-class educational institutions and abundant, domestic energy resources, said Steve Kratz, director of communication for the Pennsylvania Department of Community and Economic Development.

“However, we are working to elevate these advantages to a higher level,” Kratz said.

“State government must play a strategic role in ‘setting the table’ for private sector investments and economic growth.”

He said the government must make “key investments in education and workforce development, and 21st century communications and trade infrastructure; attracting investments in research and development of new products; and expanding Pennsylvania’s role as a transportation nexus between suppliers, manufacturers and major U.S. and world markets.”

### ‘POLITICAL STUNT’

Although Pennsylvania certainly faces challenges, including a projected budget deficit, the administration of new Gov. Tom Wolf will work to tap its economic growth potential to build a stronger Pennsylvania for all residents, Kratz said.

Meanwhile, Jeff Sheridan, spokesman for Wolf, called Florida Gov. Scott’s plan a “political stunt.”

“His [Wolf’s] goal is to level the playing field not only for the people of Pennsylvania, so that middle class and lower income residents can thrive here, but also so that businesses can thrive here,” Sheridan said.



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