



Business Basics

How To Bail With Your Bonus

Tara Weiss, 01.03.07, 6:00 AM ET

With your holiday bonus now in hand, you might just feel liberated enough to finally say, "I quit!"

With the passing of each holiday season comes a round of January and February resignations. It's that time of year when fed-up employees are most tempted to take their bonuses and head for the exits. That's especially true on Wall Street, where Goldman Sachs set an all-time record of \$11 billion for bonuses. Obviously not everyone will be able to quit with that much of a cushion, but even a slightly padded paycheck can ease a career transition.

Before you take the money and run, there are a few things to consider during the post-holiday bonus resignation season. Review your employment hiring contract. If you signed a noncompete clause, check with an attorney to see if there are regulations about how long you have to wait before starting a new job. That might not apply if you're not going to a direct competitor.

"If you can't work for a few months, it might not be worth it to stay for the bonus period," says Jennifer Rubin, a partner in the employment labor and benefits practice of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo. "It's a good idea to consult a lawyer to pin down the scope of your obligations."

Some companies have rules about who can receive a bonus. For instance, many have provisions in their bonus plans that say you must be employed on the date the bonus is distributed. Along the same lines, some companies take back an employee's signing bonus and relocation funds if he or she leaves before a certain period of time.

If you're considering leaving, start checking your industry's job boards so you have a sense of what's out there. Then start to network. "Identify key players in your area of expertise and develop a plan," says Sandy Gross, a managing partner at Pinetum Partners, an executive search consulting firm that specializes in placing managers at hedge funds, investment banks and other securities companies.

Talk to people you worked with in the past. But be careful. The last thing you want to do is tip off your boss before you resign. If you hire a recruiter or executive search firm to do the hunting for you, make sure it isn't one that's retained by your current employer. "You need to know where your résumé is going," says Gross. That could be an extremely awkward moment.

It's not such an unlikely scenario. This is the busiest season of the year for recruiters. Gross says 50% of her business is generated in the first two quarters of the year.

Some companies are trying to combat the post-bonus churn. Brett Good, a district president for Robert Half Finance and Accounting, a financial recruiting firm, says some firms pay a percentage of an employee's bonus midyear and then give another percentage at the end of the year.

If you've received a job offer that's too good to turn down--and it's well before bonus season--consider negotiating with the new employer to see if a signing bonus can be worked into your salary. In industries like accounting, there is a "war for talent." You never know what might get thrown into the new compensation package.

In Pictures: Ten Ways To Bail With Your Bonus

Wait it out

It rarely makes sense to leave just before bonus season. "Unless it's a phenomenal opportunity, don't cut your ties until the check is in your hand," says Sandy Gross, managing partner of Pinetum Partners, an executive search consulting firm that specializes in placing managers at hedge funds, investment banks and other securities firms.

Know whom you're talking to

If you hire a search firm or recruiter, make sure the one you approach isn't already retained by your current employer. After all, the idea is to keep the job search under wraps.

Know your rights

Before pocketing your bonus and leaving, review any of the documents you signed when you were hired. If you have a noncompete clause, consult a lawyer to figure out if you have to wait before striking out on your own or going to work for another company. If that's the case, the money you lose while not being employed might not justify leaving your current position.

Know when your bonus is handed out

Many companies stipulate that staffers must be employed on the date the bonus is handed out. Make sure you don't quit before then.

Lost money

Along the same lines, a holiday bonus isn't the only money you risk losing if you leave too soon. Some companies require employees to give back a signing bonus and relocation funds if they don't stay past a certain date.

Negotiate a start date

A new company wants a loyal employee, so try to negotiate with your new employer if he wants you to start before your old job ends. Don't burn any bridges when leaving your former company.

Do it on your own time

Whatever you do, don't look for a new job while at work. Most companies are able to track their employees' e-mails and the Internet sites they visit. You don't want to get the ax before you've had a chance to collect your bonus.

Negotiate a bonus

If you leave your old job midyear, try to get your new employer to add a holiday bonus into your job contract.

Work until the end

Remain professional when resigning. Give two weeks' notice and continue doing your job even though a new one is in sight. Remember, it's a small work world.

Paid in full?

To avoid the post-bonus-resignation glut, some companies don't hand it out in one lump sum. Instead, they give a percentage midway through the year and the rest at the end of the year. Before you rush for the exit, calculate when it makes financial sense to leave.