The Higher Education Faculty Life Planning Guide

Financial Decisions that Matter – From Aspiring Scholar to Emeritus

An integrated guide to the financial, career, wellness, and life decisions of an academic career.

by

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"Knowledge is capable of being its own end."
- John Henry Newman, The Idea of a University

Contents

Why This Guide is Different

Most guides for academics treat a career as a series of intellectual puzzles and money as a separate spreadsheet. This one treats the whole thing as a life-systems problem, written from five vantage points at once.

As academics ourselves, we know that institution type and contract terms shape income for decades. As financial planners, we know that taxes, debt, and plan choices decide how much of that income you keep. As investment advisers, we know that evidence - not salesmanship - builds wealth. And as life coaches, we know that without sleep, relationships, and purpose, no publication record ever feels like enough.

The best career decision is worthless if it costs you the life it was meant to fund.

Every stage is examined in four dimensions - Financial, Career, Wellness, and Life - color-coded throughout so you can read across a whole career or zero in on the part you need.

How to Use This Guide

This guide is organized around the stages of an academic career - the real transition points that trigger major decisions - rather than around abstract topics, and each stage is examined in four dimensions: Financial, Career, Wellness, and Life.

A few things to know before you begin:

- Use it as a checklist, not a to-do list for tomorrow. No one does all of this at once. Find the stage you are in right now, and act on that.
- Work in all four dimensions at each stage. Fund and protect your finances, make your career choices deliberately, guard your health, and align your money with your values and relationships.
- The numbers are for 2026, with a source cited for each. Contribution limits, tax brackets, salary data, and loan rules change every year - and 2026 brought unusually large changes to student loans - so confirm the current figure in any later year.
- Process it longhand. Map your own timelines, cash flows, and action items by hand; the science of learning shows that writing by hand improves understanding and retention more than typing.

This is education, not personalized advice. Reading it does not make you our client. See the disclaimer at the end.

Near retirement? Read it front to back if you like, but if you are within about ten years of stopping work, start at Stage 8, then read The Mobility Decision and Stage 9.

A Word on the Fiduciary Lens

Throughout this guide we urge you to get objective advice before you act - so you should know what kind of advice you deserve.

A fiduciary is legally and ethically bound to put your interests ahead of their own. Fee-only means paid only by you - never through commissions or hidden product sales. Together they remove most of the conflicts that quietly shape so much financial "advice." Academics are favorite targets for commissioned sales of expensive, complicated products - high-cost annuities inside 403(b) plans, whole life insurance, actively managed funds - and the financial strain they exploit is real: among the higher-education workforce, about 80% carry debt and more than 70% say that debt keeps them from addressing other financial priorities (TIAA Institute, 2024). The fiduciary, fee-only structure is your best protection.

That structure also pays off in confidence: among higher-ed savers, 40% who received advice are very confident they will have enough to retire comfortably, versus 27% who did not, rising to 64% among those who followed all the advice they received (TIAA Institute, 2024).

Our investment approach follows the same evidence. It rejects market timing and stock picking in favor of academic financial economics: decades of peer-reviewed research show that long-term returns are driven primarily by asset allocation and by exposure to compensated risk factors - the market itself, and measured tilts toward smaller, value-priced, and more profitable companies, as in the Fama-French five-factor model (Fama & French, 2015). Capturing those premiums through broadly diversified, ultra-low-cost funds - while avoiding uncompensated, single-stock risk - gives you the best odds of building lasting wealth.

As you read, hold every recommendation, ours included, to one standard: whose interest does this serve? If the answer is anyone but you, ask more questions.

2026 Key Numbers at a Glance

Every figure below is for 2026, with a brief explanation and a source. Verify annually, as these change each year.

Retirement and health accounts

403(b) / 457(b) salary deferral - $24,500 each; age 50+ catch-up $8,000; ages 60–63 "super catch-up" $11,250 (Internal Revenue Service [IRS], 2025a). Higher education's quiet advantage: many universities offer both a 403(b) and a separate 457(b), each with its own limit - a chance to shelter far more than a typical private-sector worker can.

Total defined-contribution limit - $72,000 (IRS, 2025a). The combined ceiling on your deferrals plus any employer or mandatory contribution.

IRA (traditional or Roth) - $7,500, plus a catch-up at age 50 or older (IRS, 2025a).

Roth IRA income phase-out - $153,000–$168,000 single; $242,000–$252,000 married (IRS, 2025a). Above these, many faculty use the "backdoor" Roth.

SECURE 2.0 Roth catch-up rule - if your 2025 wages exceeded $150,000, catch-ups must be Roth (IRS, 2025a).

HSA contribution - $4,400 self-only / $8,750 family; $1,000 catch-up at 55+ (IRS, 2025c). The only triple-tax-advantaged account, paired with a qualifying high-deductible plan.

Tax and estate

Top federal income-tax rate - 37%, above $640,600 single / $768,700 married (IRS, 2025b).

Standard deduction - $16,100 single / $32,200 married (IRS, 2025b).

Estate and gift tax exemption - $15,000,000 per person, now permanent (IRS, 2025b).

Annual gift tax exclusion - $19,000 per recipient (IRS, 2025b).

Qualified charitable distribution - up to $111,000; RMDs begin at 73 (75 if born 1960 or later) (IRS, 2025a; IRS, 2025b).

Student loans (effective July 1, 2026)

Graduate borrowing - $20,500 per year, $100,000 total; professional/qualifying doctoral programs - $50,000 per year, $200,000 total (One Big Beautiful Bill Act, 2025; U.S. Department of Education, 2026). Grad PLUS is eliminated for new borrowers, and an overall federal cap of $257,500 applies. Because these ceilings sit below the cost of attendance at many programs, more students will need private loans if their cost of attendance is not covered by graduate assistantships and/or scholarships.

Graduate/professional Direct Unsubsidized rate - 7.94% fixed (2025–26), reset each July 1 (Federal Student Aid, 2025).

Faculty pay and the academic labor market

Average full-time faculty salary - about $62,000 (instructor, associate's institutions) to about $181,300 (full professor, doctoral universities) (American Association of University Professors [AAUP], 2025a). Real wages rose only 0.9% in 2024–25 and remain roughly 6.2% below their fall-2019 level.

Gender pay gap - women averaged $105,751, or 83.2% of men's $127,125 (AAUP, 2025a).

Tenure is now the exception - 31.8% of faculty hold tenured or tenure-track appointments (down from 53.1% in 1987); 68.2% are contingent (AAUP, 2025b). Adjuncts averaged about $4,093 per three-credit course section (AAUP, 2025a).

Social Security and retirement plans

Social Security - full retirement age 67; delaying to 70 raises the benefit to about 124%, roughly 8% per year of delay (Social Security Administration, n.d.).

Plan choice - many public universities require a one-time, irrevocable election between a defined-benefit pension and a defined-contribution / Optional Retirement Program. See The Mobility Decision.

These limits change every year - keeping clients current is part of what we do.

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The Academic Career Roadmap

One career, one plan. The single most important move at each stage, at a glance.

Stage / typical age	Biggest risk	The single highest-leverage move
Aspiring scholar (14–18)	Over-borrowing for undergraduate study	Choose undergrad by net cost; open a 529
Undergraduate (18–22)	Avoidable debt; weak habits	Open a Roth IRA with earned income; protect GPA and research
Graduate school / PhD (22–30)	Unfunded study; the post-2026 loan gap	Attend only a funded program; avoid private loans
Postdoc & contingent (28–34)	Precarity; career drift	Negotiate pay; build an independent record; insure your income
Job market (30–36)	Accepting the wrong offer	Negotiate the whole package, not salary alone
Pre-tenure (33–40)	Burnout; lifestyle creep	Protect research time; automate a high savings rate
Tenured (40–55)	Complacency; high-fee products	Max 403(b)/457(b); invest on evidence; build asset protection
Peak / pre-retirement (55–65)	Reaching the line underfunded	Run a capital-needs assessment; plan Roth conversions
Transition & retirement (62+)	Enrollment penalties; sequence risk	Time Social Security & Medicare; withdraw tax-smartly

Want this mapped to your own life?

Begin with a complimentary consultation by contacting us at ScholarFinancial.com.

1. Before College: The Aspiring Scholar

The road to a faculty position often begins in high school, and the financial trajectory is shaped long before the first graduate seminar. The full journey is long - roughly four years of college, five to seven years of doctoral study, and, in many fields, two to five more years of postdoctoral or contingent work before a permanent appointment, if one comes at all.

AT A GLANCE

Typical age: ~14–18

Watch out for: over-borrowing for an undergraduate degree

Highest-leverage move: choose an undergraduate path by net cost; open a 529

FINANCIAL

An academic career is one of the longest and least front-loaded earning paths there is. Most doctoral students borrow at some point, and among research-doctorate recipients who borrowed, average education debt reached about $108,400 - roughly $98,800 for PhDs outside the field of education (National Center for Education Statistics, 2019).

Beginning July 1, 2026, federal borrowing for graduate study is capped at $20,500 a year and $100,000 in total (with a higher $50,000 / $200,000 ceiling for qualifying professional doctoral programs), and Grad PLUS is eliminated for new borrowers (One Big Beautiful Bill Act, 2025; U.S. Department of Education, 2026).

Every dollar of undergraduate debt is borrowing power - and freedom - you lose for the leaner, costlier years ahead. Prioritize lower-cost, in-state, and merit-aid options; use Advanced Placement and dual-enrollment credit to shorten the path; and let family fund a 529 plan for tax-free growth.

CAREER

Test the calling before you commit a decade to it. Shadow faculty in at least three settings - a research university, a teaching-focused college, and a community college - and ask about their daily work, not their titles.

Understand the odds. Only about a third of faculty now hold tenured or tenure-track appointments - down from more than half in the late 1980s - while more than two-thirds are contingent (AAUP, 2025b). A doctorate opens many doors; a tenure-track professorship is only one of them, and not the most common.

WELLNESS

The habits that carry scholars through training are built now: consistent sleep and wake times, at least 150 minutes of movement a week, and a reliable way to downshift stress. The goal is durability, not optimization - routines simple enough to survive a heavy term.

Perfectionism takes root early in high achievers; practicing “good enough” on low-stakes work is a skill worth developing before the stakes rise.

LIFE

Write a 12-to-15-year timeline by hand - college, any gap years, graduate school, a possible postdoc, and a first appointment - and mark the ages at which other milestones (a partner, children, aging parents) are likely to land.

Money serves this timeline, not the other way around. Sharing it with the people it affects turns money from a private worry into a shared plan.

YOUR NEXT MOVES

1. Choose an undergraduate path by net cost, not sticker price.
2. Open and fund a 529 plan if family can contribute.
3. Track every dollar you spend for 90 days to build the habit.

"Who Are You Deciding to Become?"

A Brief Guide for Teenagers Preparing for College and Career

The most important question you will ever answer before setting foot on a college campus isn't "what do I want to major in?" It's the question Professor Bear (Dr. Ron Rhoades) asks on the first day of his freshmen *Personal Finance* classes:

Why are you here?

Not in the cosmic sense - in the daily, practical, utterly urgent sense. Because the students who thrive are not the ones who show up with the best test scores. They are the ones who made a decision, quietly, before anyone was watching, about who they intended to become, and why.

A four-year college degree comes to roughly 600 days of actual instruction. Six hundred chances to build *skills*, form *habits*, and shape a *character*. Most students sleepwalk through every one of them. You don't have to.

Start now, while you're still in high school. Not with a five-year plan - with a single question you write at the top of a blank page each week: *Today I will* _______.

Do one small thing. Take one small step. Become one percent better than yesterday, with any skill or habit you possess. As Professor Bear tells his students, *extraordinary* isn't a talent. It is a habit - a decision you get to make every day, compounding quietly in your favor like interest you never touch.

Then *learn how to learn* - because almost everything your brain tells you about studying is wrong. Re-reading feels productive and does almost nothing. What actually works is closing your notes, taking out a blank sheet of paper, and forcing yourself to reconstruct everything you can remember. Struggle is not a sign you are failing. It is the feeling of neurons forming stronger connections. Embrace it. Get enough sleep. Your brain files the day's learning during sleep - skip it, and you're trying to work in an office where nobody ever takes out the garbage.

Build your "five." The five people you spend the most time with will shape who you become more than any course you ever take. This isn't mystical; it's arithmetic. Find the people who make you want to be better, and spend your time with them. Avoid those who will bring you down.

And - this matters more than the rest - build your life around serving others. Not your résumé. Not your follower count. Your purpose. Ask yourself every morning: *How can I* *serve others today? Who can I positively impact?* The persons who live the fullest lives are never the ones who won the most. They are the ones who gave the most. Find small ways to make a difference in the lives of others. Smile. Greet. Engage. Provide support for their hopes and dreams. Encourage them to follow the right path, and to make the good decisions.

The world belongs to people willing to look foolish on the way to becoming who they are. Try the thing you're afraid to try. Go first. Going first is holy.

Practical Guide: Action Steps for Students Pursuing College & Post-Graduate Education

The following are from the teachings of Professor Money Bear and his book, *Fifteen Weeks.*

Before You Arrive on Campus

- **Decide who you intend to become, not just what you want to have.** Write down the skills that person possesses, the virtues they practice, and the habits they've built. Tape it somewhere you'll see it every morning.

- **Get a head start on financial literacy.** Understand compound interest, the difference between needs and wants, how student loans actually work, and why starting to save - even small amounts - in your teens matters exponentially by the time you retire. Financial literacy isn't a luxury; it's a necessity.

- **Learn to learn before you have to.** Practice retrieval (close your book, write everything you remember, use flash cards and practice quizzes), space your studying across days instead of cramming (at increasing intervals, review what you have already learned), and handwrite your notes - your brain encodes material more deeply when it cannot transcribe verbatim. Use the Feynman Technique and seek to apply concepts to your own personal situation.

- **Audit your "five" right now.** Look at the people you spend the most time with. Do they make you want to be better, or smaller? You're allowed to be selective. Proximity to good people is the most undervalued asset a teenager has.

In Your First Year

- **Design your experience, don't drift through it.** Set a weekly intention: ***Today I will _______.*** Make it small enough that you can't talk yourself out of it. Small habits compound.

- **Go first - always.** Sit in the front of each class. Raise your hand before you are certain. Speak before you are ready. Introduce yourself to the stranger standing or sitting near you. Meeting new people is one of the most common fears in existence; the secret is that the stranger is just as afraid of you. Somebody has to go first.

- **Show up for people before you know if it counts.** Send the email. Sit next to the person eating alone. The cost to you is nothing. The cost of not doing it is something you'll rarely even know you paid.

- **Use AI as a Socratic partner, not a shortcut.** Ask it to question you, not answer for you. Offloading your thinking doesn't just lower your grade - it quietly weakens the very skills (including all-important critical thinking skills) your career will depend on.

- **Visit your professor during office hours.** Every professor, at least once. You will be surprised how rarely students show up, and how large a return that single visit produces in mentorship, opportunities, and letters of recommendation.

For the Long Road: College Through Post-Graduate Study

- **Understand behavioral finance before you have money to lose.** Your brain isn't wired for rational financial decisions under pressure – it is wired for survival. Knowing this is the first shield against it. Build an Investment Policy Statement (a written financial plan), automate your investing, and find a fee-only, fiduciary advisor rather than a salesperson with a credential.

- **Build an evidence-based study system, not an "I'll figure it out" one.** Space your review sessions. Interleave subjects. Teach what you're learning to someone who doesn't know it - if you can't explain it to a sixth-grader, you don't fully understand it yet (the Feynman Technique). Protect your sleep as rigorously as you protect your calendar.

- **Seek mentors deliberately.** Identify people whose character and career you admire. Ask them one specific question. Offer to be useful. Most mentorship starts with one email that almost didn't get sent.

- **Build your life around service.** Ask yourself each morning: Who can I positively impact today? Not for appearances - for purpose. The alumni who come back with light in their eyes are never the ones who won the most. They are the ones who served the most. Purpose isn't something you find. It's something you practice.

- **Don't mistake knowledge for understanding.** You can memorize a formula, a statute, a drug interaction, or a financial concept and still have no idea what it means or why it matters. Understanding is the ability to explain it simply, apply it to different scenarios and situations under pressure, and teach it to someone else. Aim for that - always.

Sources

- ProfessorMoneyBear.com (Bear Mask, Unlocking Your Brain, Why Smart People Blow Their Finances).
- FIFTEEN WEEKS, by Ron A. Rhoades & Tiffany R. Isselhardt (Professor Money Bear LLC, 2026).

2. The Undergraduate Years: Becoming a Researcher

College builds the academic record that opens graduate school - and it is where small financial habits begin to compound.

AT A GLANCE

Typical age: ~18–22

Watch out for: avoidable undergraduate debt

Highest-leverage move: open a Roth IRA with earned income; build a research record

FINANCIAL

If you have earned income from a job, tutoring, or a research assistantship, open a Roth IRA and contribute up to $7,500 for 2026, or 100% of your earnings if less (IRS, 2025a). Four decades of tax-free growth will outrun any stock tip.

The graduate-application cycle alone can run $1,000 to $3,000 once you add testing, application fees, and interview travel; start a small sinking fund junior year. Build credit with one card on automatic full-balance payment, aiming for a score above 760 by graduation - a strong score lowers the cost of every loan and lease that follows.

CAREER

Depth beats breadth. One sustained research project with a faculty mentor produces a stronger recommendation - and more skill - than five clubs, and research experience is among the strongest predictors of who advances toward an academic career. Identify your recommenders by junior year and give them your CV and a draft statement.

Begin weighing graduate programs by funding, not prestige alone. A funded offer is a job offer; an unfunded master's, especially in the humanities, can cost more than it returns.

WELLNESS

Protect one evening a week with no academics. The relationships you keep are among the strongest protections against the burnout that is common later, and sleep guarded now is a habit that compounds.

LIFE

Apply to graduate programs with cost and fit in mind, weighting your list toward programs with strong, multi-year funding records. A $50,000 difference in total cost can compound into far more over a career.

YOUR NEXT MOVES

1. Open a Roth IRA with this year's earned income.
2. Commit to one sustained, mentored research project.
3. Build a line-item budget for the application year.

3. Graduate School: The Apprenticeship Years

Graduate school is the largest investment most future faculty make in themselves - and, beginning in 2026, the rules for financing it changed materially. How you fund it matters as much as how far you go.

AT A GLANCE

Typical age: ~22–30

Watch out for: unfunded study and the post-2026 federal-loan gap

Highest-leverage move: attend only a funded program; avoid private loans

FINANCIAL

Treat funding as your first job offer. Prioritize doctoral programs that guarantee multi-year support - a tuition waiver, a stipend, and subsidized health insurance - through a research or teaching assistantship or a fellowship. Only about half of research-doctorate completers borrow at all (National Center for Education Statistics, 2019); your goal is to be in the half that does not.

If you must borrow, know the new limits: from July 1, 2026, graduate borrowing is capped at $20,500 a year and $100,000 total, Grad PLUS is gone for new borrowers, and the federal Direct Unsubsidized rate was 7.94% for 2025–26 (One Big Beautiful Bill Act, 2025; Federal Student Aid, 2025). Because those caps sit below the cost of attendance at many programs, more students will face a gap filled by private loans - which lack the income-driven repayment, forgiveness, and death-and-disability protections of federal loans. Live on a graduate-student budget even if your stipend rises, and if you hold qualifying earned income, keep funding a Roth IRA.

Debt is no small matter in this profession: among the higher-education workforce, about 80% carry debt, and more than 70% say it keeps them from addressing other financial priorities (TIAA Institute, 2024).

CAREER

Advisor first, then department, then university. Your dissertation chair controls access to grants, co-authorship, and the phone calls that decide job searches. Interview current students about time-to-degree and placement, not only the research fit.

Build skills that travel. The academic job market is intensely competitive and, by applicants' own accounts, stressful and opaque (Fernandes et al., 2020). Most doctorate-holders build careers beyond the tenure track, so develop teaching, data, writing, and grant skills that open more than one door.

WELLNESS

Graduate school is a documented mental-health risk: one in two PhD students experiences psychological distress and one in three is at risk of a common psychiatric disorder (Levecque et al., 2017), with rates of depression and anxiety roughly six times those of the general population (Evans et al., 2018).

Treat this as preventive medicine. Establish counseling and wellness routines before the job market arrives, normalize seeking help, and build a peer network - isolation is where the worst of it festers.

LIFE

Funding stress corrodes relationships. Keep friendships outside your department, and if you are partnered, hold a brief monthly "money date" so finances stay a shared project. Discuss timelines openly - a postdoc, a move, the two-body problem - before year three.

YOUR NEXT MOVES

1. Apply for every fellowship and assistantship; treat funding as a job.
2. Choose an advisor with a strong placement and mentoring record.
3. Build a $3,000–$5,000 transition fund for the move to your first job.

4. The Postdoc & Contingent Years: The In-Between

Between the doctorate and a permanent appointment lies a stretch that can last two to five years - a postdoc, a visiting line, or adjunct teaching - on modest pay while you build an independent record. For many, this stage never converts to a tenure-track job, so plan it as a real phase of life, not a brief wait.

AT A GLANCE

Typical age: ~28–34

Watch out for: financial precarity and career drift

Highest-leverage move: negotiate your pay, build an independent record, and insure your income

FINANCIAL

Postdoc pay has risen but remains modest, and varies widely across fields. Most is anchored by the NIH's Kirschstein-NRSA stipend scale (but not all), with benchmark stipends for FY 2026 run from $63,480 at entry to about $77,076 with seven or more years of experience, and many institutions peg their floors to these levels (National Institutes of Health, 2026). However, STEM fields typically command higher stipends than humanities and social sciences, where postdocs are more variable, can be more competitive, and can have much lower stipends. If yours pays below the NIH minimum, ask it to match. [Adjunct work pays far less - an average of about $4,093 per three-credit course section, with few benefits (AAUP, 2025a) - so if you teach contingently, treat income as variable, keep a larger cash reserve, and capture any employer retirement match available.]

Build an emergency fund of six or more months of expenses, fund a Roth IRA if you have qualifying earned income, and keep your credit strong for the relocation and housing ahead.

CAREER

Step out from under your advisor. Choose a lab or mentor with a track record of placing people into the kinds of jobs you want, and use this stage to establish a research identity that is visibly your own.

Set a personal deadline. By your second or third year, assess honestly whether you are competitive for the positions you seek; a postdoc is a bridge, not a destination, and an indefinite "career postdoc" rarely serves you.

WELLNESS

The precarity of this stage - short contracts, relocation, an uncertain market - is hard on mental health. Protect sleep, move in small daily doses, and keep a support network beyond your institution.

LIFE

If anyone depends on your income, buy inexpensive 20-to-30-year level term life insurance now, and consider an own-occupation disability policy with a future-increase option - your future faculty salary is your largest asset, and coverage is cheapest while you are young and healthy.

Coordinate the timing of marriage, children, and any home purchase with a job market that may move you across the country, and begin the two-body conversation in earnest.

YOUR NEXT MOVES

1. Confirm your stipend meets or beats the NIH benchmark; negotiate if not.
2. Draft job-market materials in your second year.
3. Price term-life and own-occupation disability quotes while premiums are low.

5. The Job Market: Interviewing and Choosing an Offer

The move from training to a faculty appointment is the largest career transition most academics make - and the first negotiation sets a baseline that compounds for decades. The offer is far more than its salary.

AT A GLANCE

Typical age: ~30–36

Watch out for: accepting the wrong fit, or under-negotiating

Highest-leverage move: negotiate the whole package, in writing

FINANCIAL

Evaluate total compensation, not base salary. Faculty pay varies enormously - average full-time salaries range from about $62,000 for instructors at associate's institutions to about $181,300 for full professors at doctoral universities (AAUP, 2025a). Most offers are nine-month salaries; ask what is negotiable: summer salary, start-up funds, lab space, moving expenses, a course release, graduate-student support, and housing assistance.

Look hard at the retirement plan, because in higher education it is unusually rich. Many universities pair a 403(b) with a separate 457(b), each with its own $24,500 deferral limit for 2026 - a chance to shelter far more than a typical private-sector worker can (IRS, 2025a). Ask about the employer match, the vesting schedule, and - critically - whether you must choose between a defined-benefit pension and a defined-contribution plan (see The Mobility Decision).

CAREER

Tenure-track versus contingent is the defining fork. Only about a third of all faculty lines are now tenured or tenure-track (AAUP, 2025b); a visiting or adjunct post can be a bridge but rarely a path. Read the offer letter and faculty handbook closely - the tenure clock, expectations, teaching load, and review schedule matter more than a few thousand dollars of salary.

If you hold competing offers, you can ask your preferred institution to match them; be prepared to share the offers if asked. Hiring committees weigh fit and promise heavily, not metrics alone (Fernandes et al., 2020).

WELLNESS

Negotiate teaching load and service in writing. A 2-2 load with a research course release protects your tenure case - and your health - more than a slightly higher salary attached to a 4-4 load. The market is grueling; one rejection is not a verdict on your worth.

LIFE

Map the two-body problem before you sign. If your partner works, negotiate spousal-hiring help or remote flexibility up front, and weigh cost of living and state income tax - a higher nominal salary in a high-cost, high-tax state can be a pay cut in real terms.

YOUR NEXT MOVES

1. Benchmark salary and start-up norms for your field and institution type.
2. Put your negotiation priorities in writing before the call.
3. Consult a tax adviser on 403(b)/457(b) coordination before your first paycheck.

6. Pre-Tenure: The Probationary Years

The jump to assistant professor is the largest income increase most academics will see. The pre-tenure years decide whether that income becomes wealth - and whether the pace becomes sustainable.

AT A GLANCE

Typical age: ~33–40
Watch out for: burnout and lifestyle creep
Highest-leverage move: protect research time and automate a high savings rate

FINANCIAL

Keep living like a postdoc for two or three more years. Routing 15% to 20% of gross income into wealth-building before it reaches your checking account - and automating it - is the single most powerful move available now.

Fill the tax-advantaged accounts higher education hands you: up to $24,500 in a 403(b) and another $24,500 in a 457(b) if offered, an HSA if you have a qualifying plan ($4,400 self-only or $8,750 family for 2026), and, if your income is high, a "backdoor" Roth (IRS, 2025a; IRS, 2025c). If your 2025 wages topped $150,000, catch-up contributions must now be made as Roth (IRS, 2025a).

Audit your plan's fees. Campus 403(b) menus are notorious for high-cost annuity and actively managed products; favor broadly diversified, low-cost index funds, because costs are the one return you control. Getting objective advice early pays off - 40% of higher-ed savers who receive advice are very confident about retirement income, versus 27% who do not (TIAA Institute, 2024).

CAREER

Protect research time ferociously. Know your institution's weighting - research-intensive universities may expect roughly half your effort on research, while teaching-focused institutions invert that - and document everything from day one: syllabi, evaluations, grants submitted as well as awarded. Say "no" to low-value service; your case is built on scholarship and teaching.

Use clock-stop and family-leave policies deliberately, and identify senior mentors and likely external tenure-letter writers early.

WELLNESS

Pre-tenure burnout is widespread, and the pressure to publish, teach, and serve often coincides with raising young children. Protect sleep, exercise, and relationships with the same discipline you give your research, schedule vacations and take them, and use your institution's employee assistance program if you need it.

LIFE

Put your estate core in place - a will, durable financial and healthcare powers of attorney, a HIPAA release, and guardianship for minor children - and align beneficiary designations, which override your will on retirement accounts. Secure term life insurance if anyone depends on you.

Think twice before buying a home immediately. Because a negative third-year review, a denied tenure case, or a better outside offer can move you, renting for the first 24 to 36 months preserves the financial mobility this stage often demands (see The Mobility Decision).

YOUR NEXT MOVES

1. Automate contributions to max your 403(b) and, if offered, your 457(b).
2. Audit plan investment fees; move to low-cost index funds.
3. Draft core estate documents and update beneficiaries.

7. Tenure and Beyond: The Established Scholar

With tenure secured, the work shifts from proving yourself to building wealth efficiently - and protecting it from taxes, fees, and liability. Job security also changes your financial calculus in a specific, useful way.

AT A GLANCE

Typical age: ~40–55

Watch out for: complacency and high-fee products

Highest-leverage move: max tax-advantaged accounts, invest on evidence, and build asset protection

FINANCIAL

Tenure is a financial asset, not only a professional one. A secure, predictable salary behaves like a large, inflation-resistant bond on your overall balance sheet, which generally raises your capacity to hold equities in your investment portfolio - a planning principle, not a guarantee.

Pair that with relentless investment discipline: returns are driven mainly by asset allocation and by exposure to compensated risk factors - the market, and tilts toward smaller, value, and more profitable companies - best captured through broadly diversified, ultra-low-cost funds (Fama & French, 2015).

Keep stacking tax-advantaged space - the 403(b) and 457(b) each at $24,500 for 2026, plus catch-ups once you turn 50 - and shelter any consulting, textbook, or speaking income through a SEP-IRA or solo 401(k) (IRS, 2025a). Harvest tax losses and rebalance on a schedule or when rebalancing thresholds are reached.

CAREER

Post-tenure, autonomy expands: pursue full professor, move into administration (chair or dean), write books, or consult. Re-examine fit every few years, and treat post-tenure review as a portfolio update rather than a threat. Leadership roles should buy you time or resources, not merely a title.

WELLNESS

Mid-career is when burnout tends to peak, even with tenure, and faculty pay has lost ground - real wages rose only 0.9% in 2024–25 and remain about 6.2% below their 2019 level (AAUP, 2025a). Budget deliberately for sabbatical travel, time away, and your own health: annual screening and twice-weekly strength training preserve the function that sustains a long career.

LIFE

As a higher earner with real liability exposure, build asset-protection walls - a $2 to $5 million umbrella policy, full use of creditor-protected retirement accounts, and proper titling. Fund children's 529 plans only once your own retirement is on track; they can borrow for college, but you cannot borrow for retirement.

Close equity gaps too: full-time women faculty earned 83.2% of men's salaries in 2024–25 (AAUP, 2025a). If that describes you, factor it into savings targets and benchmark your pay before each review.

YOUR NEXT MOVES

1. Audit portfolio costs and factor exposures; remove high-fee products.
2. Review umbrella and liability coverage.
3. Update your estate plan after any major life change.

The Mobility Decision - Moving Institutions for Pay

Faculty change institutions more often than almost any other profession, and frequently for a sound reason: *an outside offer is often the fastest - sometimes the only - way to a meaningful raise*. Because internal raises tend to lag the market, new hires can end up earning nearly as much as, or more than, longtime colleagues, the well-documented problem of salary compression and inversion (Homer et al., 2021). But every move ripples through your home, your pension, your benefits, and your family. Here is how to think it through.

The raise is real - and so are the costs. A credible outside offer is the single most powerful salary-negotiation tool in academia, and moving (or leveraging a counteroffer) can reset your pay to market in a way years of internal raises cannot (Homer et al., 2021). But weigh the full cost: relocation expenses (now generally taxable), lost seniority-based benefits, a reset sabbatical clock, and the disruption to a household and a research program.

Your home is the biggest casualty of frequent moves. Buying and selling a house carries large transaction costs - agent commissions, closing costs, and the move itself - that routinely consume several years of price appreciation. If there is a real chance you will relocate within a few years (before tenure, or while fielding outside offers), renting usually wins: it preserves both cash and the freedom to say yes to the right opportunity. Buy only once your position and location are stable and you expect to stay long enough to clear those transaction costs.

Pension versus defined-contribution: the choice that rewards - or punishes - mobility. Many public universities require a one-time, irrevocable election between a state defined-benefit (DB) pension and a defined-contribution (DC) plan, often called an Optional Retirement Program (ORP). The right answer depends heavily on whether you expect to stay.

DB pension wealth often accrues in a steeply “backloaded” way - little for years, then a large jump near a specific age-and-service threshold - so the system rewards a full career in one place and penalizes those who leave mid-career or move across state lines (Costrell & Podgursky, 2009).

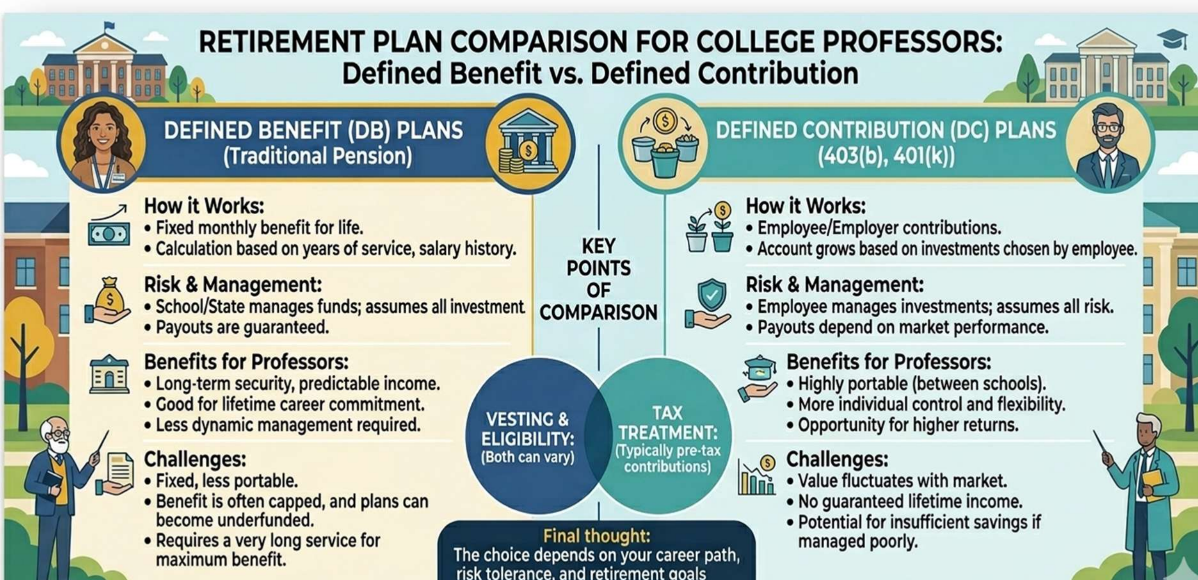
A scholar who changes states several times can accumulate far less in a DB plan than a colleague who stays put, and may leave before even vesting.

Portability is the deciding factor for the mobile. A DC/ORP balance is yours and moves with you - you can roll it into a new employer's plan or an IRA. A DB pension generally does not transfer between systems; reciprocity exists in places but is limited, and leaving before you vest (often five to ten years) can forfeit the employer-funded benefit entirely, returning only your own contributions, sometimes with little interest. It is unsurprising, then, that higher-paid and more mobile faculty are more likely to choose the portable DC/ORP option (Toutkoushian et al., 2018). If you expect to move, the DC/ORP usually serves you better; if you are confident you will spend a full career in one state system, a DB pension's guaranteed lifetime income and longevity protection can be very valuable.

Don't cash out when you move. Roll DC balances directly into the new plan or an IRA rather than taking a distribution; ask whether the new system allows you to purchase service credit; and never leave small vested balances orphaned and forgotten across former employers.

Tenure and benefits do not travel automatically. Tenure rarely transfers; senior hires usually must negotiate "tenure on arrival," and it is not guaranteed. Sabbatical eligibility, seniority, and service-based retiree health benefits typically reset at a new institution. Factor these resets, not salary alone, into any move.

Run the real-dollars comparison. Before accepting a higher nominal salary elsewhere, adjust for cost of living, state income tax (now and on your retirement income later), housing prices, and your partner's career. A 20% raise into a high-cost, high-tax metro can be a pay cut; a lateral move to a low-tax state can be a raise. And the two-body problem compounds with every move - negotiate spousal accommodation before you sign, not after you arrive.



8. Peak Earnings & Pre-Retirement: The Decade That Decides

The decade before retirement is when the plan comes together or reveals its gaps. Earnings are at their height - full professors at doctoral universities average about $181,300 (AAUP, 2025a) - time is shorter, and the decisions are large and largely irreversible.

AT A GLANCE

Typical age: ~55–65

Watch out for: reaching the finish line with an unfunded number

Highest-leverage move: run a formal capital-needs assessment

FINANCIAL

Replace a vague target with your real number through a capital-needs assessment that models spending, taxes, healthcare, and longevity to age 95. Maximize late-career saving with the age-50 catch-up of $8,000 and, for ages 60 to 63, the SECURE 2.0 “super catch-up” of $11,250 (IRS, 2025a); high earners must make catch-ups as Roth.

Plan Roth conversions in the lower-income years between full-time work and the start of required minimum distributions (age 73, or 75 if born in 1960 or later), and watch the two-year Medicare IRMAA lookback so a conversion today does not raise your premium two years later (IRS, 2025b).

If you are behind, this is the decade to close the gap. Adjuncts, late entrants, and the much-moved who lost defined-benefit value can still gain real ground: use the age-50 catch-up and the ages-60-to-63 super catch-up, treat the 457(b) as a second accelerant alongside the 403(b), and remember that delaying Social Security toward age 70 buys roughly 8% more guaranteed, inflation-adjusted income per year of delay - among the most efficient longevity insurance available (IRS, 2025a; Social Security Administration, n.d.). A frank capital-needs assessment now beats a hopeful guess later.

CAREER

Decide how you want to leave. Many institutions offer phased retirement, letting senior faculty move to part-time status while drawing partial salary and keeping benefits - a popular bridge that eases both the finances and the identity shift (Yakoboski, n.d.). If you hold an administrative role, begin succession planning three to five years out.

WELLNESS

Shift from performance to preservation - guideline-based screening and maintaining muscle mass, since strength is among the best predictors of healthy aging. This is also the classic “sandwich” decade; hold honest family meetings about caregiving before a crisis forces them.

LIFE

Define “enough.” More money rarely answers a question that is about purpose, not money. Begin designing an encore - teaching, mentoring, writing, or service - that preserves identity and connection after the title is gone.

Address long-term care while you are still insurable. About 70% of adults who reach 65 will develop a severe long-term-care need, and roughly half will use some paid care - the single largest uninsured risk most retirees face (Office of the Assistant Secretary for Planning and Evaluation [ASPE], 2022). Your fifties and early sixties are the window to weigh standalone long-term-care coverage, a hybrid life-or-annuity policy with a care benefit, or a deliberate self-funding plan; premiums climb and underwriting tightens with each passing year.

YOUR NEXT MOVES

1. Commission a capital-needs assessment this year.
2. Model three Social Security claiming ages (62, full retirement age, 70).
3. Weigh a long-term-care strategy while you are still insurable.
4. Draft a phased-retirement timeline with your chair and HR.

Live Your Life by Design, Not Default: The 5-6 Year Question

The most important question that we ask our clients is, “If you had just 5-6 years to live, and during that time you would be relatively healthy, what would you like to do, or accomplish, so that at the end of your life, you have no regrets?”

The answers can be surprising. Take a moment. Think about it. If you have children, assume they are grown. Assume you have reasonable resources. Be highly specific in your answers.

We ask this question because bucket lists are *not just for retirement* – they are for life. We encourage our clients to lead a "wide" life – one where goals are integrated throughout, and life's journey is embraced. It's not about the end – it's about living life to its fullest.

The answers often depend on your stage of life. For those in early adulthood, answers can focus on high energy, active adventures or those that require lower capital investment – fulfillment while investing in the future. For those with children or family obligations, activities often focus on *connections*, prioritizing experiences as a family unit, education-oriented adventures, or cultural experiences. And for those in later life, activities can be more diverse, less strictly active, or more community- and home-based. But really, it's about what *you* want – and how *you* want to live your life.

Revisit this question every few years – or when major life events happen. Periodically reviewing your dreams and goals – just like reviewing your financial plan – helps ensure your financial life aligns with the rest of your life.

9. Transition & Retirement: Social Security, Medicare, and Legacy

The handoff from earning to drawing down carries a few time-sensitive, largely irreversible choices - and, done well, retirement can be the least stressful financial season of all.

AT A GLANCE

Typical age: ~62+

Watch out for: enrollment penalties and sequence-of-returns risk

Highest-leverage move: time Social Security and Medicare on purpose; withdraw tax-smartly

FINANCIAL

Social Security is the biggest lever: claiming at your full retirement age of 67 pays 100% of your benefit, and each year you delay to 70 adds about 8%, reaching roughly 124% - an inflation-adjusted, guaranteed raise (Social Security Administration, n.d.).

Coordinate withdrawals across account types - generally taxable first, then tax-deferred, then Roth - and keep a two-to-three-year spending reserve so a downturn early in retirement does not force you to sell at a loss; this sequence-of-returns risk does its worst damage in the first few years. Once RMDs begin, qualified charitable distributions of up to $111,000 a year can satisfy them tax-free if you give (IRS, 2025a; IRS, 2025b).

If you have a defined-benefit pension or an annuity option in your plan, weigh partial annuitization - guaranteed lifetime income for essential expenses - against keeping assets invested for growth and flexibility; many faculty do best with a blend. This is where the pension election from The Mobility Decision comes due: choose the survivor option deliberately, since the higher single-life payout ends at your death. Confirm how your state taxes pension and retirement income, especially if you may relocate.

Medicare enrollment has a specific window – but your decisions are also affected by employer-sponsored health insurance and health savings accounts. Your seven-month window opens three months before the month you turn 65, includes that month, and closes three months after (Centers for Medicare & Medicaid Services, n.d.). Miss it and the Part B and Part D penalties ride your premium for life; Part A's penalty runs for twice the number of years you delayed and then stops.

You can skip the window without penalty if you're still working and covered by a current employer's group health plan with 20 or more employees, or by a working spouse's plan. Then your eight-month Special Enrollment Period starts the month after your employment or that coverage ends, whichever happens first. However, drug coverage runs a different clock — two months, not eight.

Note, however, that “retiree coverage" and COBRA are not considered current employment, so neither one protects Part B, though COBRA drug coverage can still count as creditable for Part D if the plan says so in writing. Confirm it. Don't assume.

Small employers - those that have less than 20 employees - are a different trap entirely: Medicare pays first, the group plan pays second, and claims get denied if you are not enrolled. So enroll at 65. Most people should take premium-free Part A then too.

If you're still funding a health savings account, Medicare and that account can't coexist. Enrolling in any part of Medicare — even premium-free Part A — ends your right to contribute, and it ends your employer's right to contribute for you. The timing is the cruel part. Enroll after 65 and Part A backdates six months, though never earlier than the month you turned 65. So money you deposited last spring can become an excess contribution this fall, retroactively, under a rule you hadn't triggered yet. Excess contributions are taxable, and a 6% penalty tax applies every year you leave them sitting there. Claiming Social Security pulls the same trigger — it enrolls you in Part A automatically, and retroactive benefits drag Part A backward with them. So here's the rule. Stop contributing six months before you apply for Medicare or Social Security. Enrolling right at 65? Stopping before your birthday month is enough. Your balance stays yours either way — spend it tax-free on qualified expenses for the rest of your life, and use it for your Part B and Part D premiums. Not Medigap.

CAREER

Design your encore before you leave - emeritus teaching, mentoring, writing, peer review, or community work keeps income optional and purpose intact. Purpose is among the strongest predictors of longevity.

WELLNESS

Replace the structure work provided before you give it up - a standing commitment, a learning project, a fitness community. Grief at the end of a long career is normal; plan for it. The pillars of a long, good life are daily movement, social connection, and cognitive challenge.

LIFE

Protect the survivor. Coordinate the pension survivor election, life insurance, and beneficiary forms so that the death of either spouse does not trigger a financial cliff - and remember that a surviving spouse keeps only the larger of the couple's two Social Security benefits and often files taxes as a single filer, frequently at higher rates. Talk through these mechanics together, in advance, while both of you can.

Plan a legacy beyond money: an ethical will, a family giving plan, and a donor-advised fund to bunch deductions in higher-income years. The federal estate and gift tax exemption is $15 million per person for 2026 and now permanent (IRS, 2025b), but state estate taxes and out-of-date beneficiary forms still demand attention - update them, especially after a move.

YOUR NEXT MOVES

1. Write a one-page retirement income plan.
2. Decide Social Security and Medicare timing deliberately.
3. Confirm the pension survivor election and beneficiary forms.
4. Review beneficiaries, will, and powers of attorney after any move.

Integration: The Scholar's Operating System

Money, career, health, and relationships are not separate problems; they are one system, and optimizing one at the expense of the others is the quiet mistake of many high-achieving academics.

A simple weekly order of operations keeps the system whole: protect seven to eight hours of sleep, move for thirty minutes, connect with the people you love, do your most demanding scholarly work, and spend thirty minutes on your finances. Run that loop every week and revisit the relevant stage each quarter.

Net worth is worth building only in service of a scholarly life worth living.

About the Authors

This guide was written by Ron A. Rhoades, JD, CFP®, and Chris Brown, PhD, CFP® - the same authors behind Scholar Financial's work on retirement-tax strategy, portfolio risk, and professional finance.

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As faculty members themselves, both authors know the academic life from the inside. Together they built Scholar Financial as a fee-only, fiduciary practice - advice tailored to each client, with no commissions and no products to sell.

Questions Academics Ask Us

How should I use my 403(b) and 457(b)?

Contribute enough to capture every employer match, keep total costs low with broadly diversified index funds, and remember the two plans have separate limits - together they let you shelter far more than most workers can.

Pension or the defined-contribution plan?

If you expect to move between institutions, the portable DC/ORP usually wins; if you will likely spend a full career in one state system, a defined-benefit pension's lifetime income is often more valuable. See The Mobility Decision. However, some states and educational institutions have dropped their defined benefit plans, or made them less attractive. Each decision should be analyzed, independently, to fit the plans' different options and features and your own unique circumstances.

Is Public Service Loan Forgiveness realistic for academics?

Often, yes. Most public and nonprofit universities are qualifying employers, so payments made during graduate, postdoc, and faculty years at those institutions can count toward forgiveness. Confirm your employer's status and that your repayment plan qualifies.

Do I earn enough to need advice?

Yes, at every stage - and the data agree: higher-ed savers who receive advice are far more confident about retirement than those who do not (TIAA Institute, 2024).

How are you paid?

We are fee-only. You pay us directly, and we accept no commissions, kickbacks, or product compensation - so nothing rides on our advice but your results. More information about our services and fees can be found on our web site.

Let's talk.

We wrote this guide for academics, and we would be glad to help you apply it to your own life - whether you are funding a doctorate, weighing an outside offer, or mapping the last decade before retirement. Your first conversation is a complimentary consultation.

Contact us at ScholarFinancial.com.

Working with a Fiduciary Team

You have now seen the shape of an academic's life - financial, professional, physical, and personal. Two truths run through all of it.

First, the decisions never stop. A loan, an offer, a plan election, an insurance policy, a move, a retirement, a legacy - you cannot avoid them, but you can be ready for them.

Second, they are connected. The funding choice you make in graduate school shapes the debt you carry into your first job. The pension-versus-defined-contribution election you make at hire shapes the wealth you keep across every move. The Roth conversion you make at 60 affects your Medicare premium at 65. The beneficiary form you forget to update can override the will you paid good money to draft. Financial planning is not a collection of separate problems; it is one interconnected system, viewed over a career.

That is the case for working with a fee-only, fiduciary advisor - someone legally bound to put your interests first, paid only by you, with no commission riding on the advice. As professors and CFP® professionals, we built Scholar Financial on exactly that model, integrating all five disciplines in this guide.

Further Reading from Scholar Financial

More from Ron A. Rhoades, JD, CFP®, and Chris Brown, PhD, CFP®, at ScholarFinancial.com:

Will a Lifetime of Tax Deferral Lead to a Tax Nightmare in Retirement? A research-backed look at withdrawal sequencing, Roth conversions, qualified charitable distributions, and the Social Security and Medicare "tax trap." (ScholarFinancial.com/retirement-taxes-intro)

What Risks Are Hiding in Your Portfolio? The risks hiding in a seemingly diversified portfolio - behavioral, concentration, sequence-of-returns, tax, and inflation - and the documented value of professional guidance. (ScholarFinancial.com/portfolio-risks)

Important Disclaimer

The information in this guide is provided for educational and informational purposes only and does not constitute legal, tax, investment, or financial planning advice or opinion. It is meant to provide a starting point for your own research and for discussions with your professional advisors; it should not be relied upon as the basis for any decision.

The areas discussed here are governed by laws and regulations that change frequently. Dollar figures, contribution limits, tax brackets, salary data, and program rules are stated for 2026 and will change in later years; the student-loan rules in particular reflect the One Big Beautiful Bill Act and related regulations taking effect July 1, 2026, and remain subject to further guidance and litigation. Retirement-plan features, vesting, and pension-versus-defined-contribution elections vary by state and institution. While we cite an authoritative source for each figure, we make no guarantee that the information remains current or error-free as of your reading, and the statements here are necessarily general and may not apply to your particular situation.

Nothing in this guide should be considered specific legal, tax, or financial advice, and reviewing it does not create an advisory or client relationship with Scholar Financial. Please seek individualized legal, tax, and financial planning advice before applying any concept discussed here to your own circumstances.

As a fiduciary, we provide advice tailored to each client's goals and financial situation. Consult with a qualified financial professional before making investment decisions.

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Prices, values, and other data are obtained from sources deemed reliable at the time of use, but accuracy is not guaranteed.

Glossary

Plain-language definitions of the terms used most often in this guide.

Fiduciary / fee-only - An adviser legally bound to put your interests first, paid only by you - no commissions or product sales.

403(b) - The workplace retirement plan most common at nonprofit colleges and universities, similar to a 401(k).

457(b) - A deferred-compensation plan many universities offer alongside a 403(b), with its own separate contribution limit.

Optional Retirement Program (ORP) - A defined-contribution retirement plan that some public systems offer as an alternative to the state pension; balances are portable.

Defined-benefit (DB) pension - A plan that pays a lifetime benefit based on a formula of salary and years of service; wealth is backloaded and tied to long service.

Defined-contribution (DC) plan - A plan (such as a 403(b) or ORP) whose value depends on contributions plus investment returns; fully portable between employers.

Vesting - The point at which employer contributions become yours to keep; DC/ORP plans often vest immediately, DB pensions over several years.

Backdoor Roth - Funding a nondeductible traditional IRA and converting it to a Roth when income is too high to contribute directly.

HSA - Health Savings Account: a triple-tax-advantaged account paired with a high-deductible health plan.

PSLF - Public Service Loan Forgiveness: federal loan balance forgiven tax-free after 120 qualifying payments at a nonprofit or government employer.

IDR - Income-driven repayment: federal plans that set the monthly payment as a share of income.

Tenure clock - The probationary period (often six years) within which a faculty member must earn tenure or leave.

Contingent faculty - Faculty off the tenure track - adjunct, part-time, or fixed-term - now a majority of the academic workforce.

Salary compression / inversion - When market raises outpace internal raises, so newer faculty earn nearly as much as (compression) or more than (inversion) senior colleagues.

Sequence-of-returns risk - The danger that poor market returns early in retirement permanently shrink a portfolio you are drawing from.

Capital-needs assessment - A projection of the assets required to fund your retirement spending for life.

RMD - Required minimum distribution: the amount you must withdraw from tax-deferred accounts starting at age 73 (75 if born 1960 or later).

QCD - Qualified charitable distribution: a direct gift from an IRA that satisfies RMDs tax-free.

IRMAA - Income-Related Monthly Adjustment Amount: Medicare premium surcharges for higher earners, based on income two years prior.

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