Benefits as Part of Compensation

Professional Development Series
September 16, 2019
Peter Lloyd – Assistant Director Benefits & Compensation
Cost the employer approximately 30-40% of annual compensation

**Shared Costs**
Medical, Dental, Vision

**Employer Provided**
Often provide Basic Life Insurance benefit
Short/Long Term Disability Coverage

**Paid Time Off**
Vacation, Holidays, Sick, Jury Duty, Bereavement, Maternity Leave

**Retirement**
Social Security 6.2%
Medicare 1.45%
Employer match to a 401(k) or 403(b)
(usually requires up to 5 years to vest employer match)

**Workers’ Compensation**
Benefits Eligibility

- Employee Status – Usually expressed in FTE (full-time equivalent, 2080 annual work hours)
  - Full-Time
  - Part-Time
  - PRN – when necessary ("pro re nata")
  - Contract

- According to the Bureau of Labor Statistics, March 2018
  - Retirement Plans (private sector) available to
    - 77% of full-time (FT) employees
    - 39% of part-time (PT) employees
  - Medical Care (private sector) available to
    - 86% of FT employees
    - 21% of PT employees
    - *Employer paid approximately 80% of the premium for single coverage and 75% for family coverage for full-time employees*
  - Sick Leave (private sector) available to
    - 82% of FT employees
    - 39% of PT employees

Total Compensation

- Salary, Differential or Premium pay, Sign-on Bonus, Profit Sharing or other Performance-based bonus, and Benefits combined make up the total compensation package.

- Consider intangibles like environment, philosophy, and growth opportunities.

- Make a list of areas of importance to you.
Categories of Benefits

- Time Off
- Insurance Plans
- Retirement Plans
- Miscellaneous
Paid Time Off (PTO)

- Most common of many categories are Vacation leave and Sick leave (paid Maternity Leave package)
- Accumulates based on years of service and hours worked per week
- Usually has a cap or maximum balance
- May allow a “cash-in” where you sell back hours for cash
Time Off

Holidays

Most employers recognize 7-8 holidays:

- New Years Day
- Mardi Gras
- Easter Sunday
- Memorial Day
- Fourth of July
- Labor Day
- Thanksgiving
- Christmas Day

May pay in addition to Paid Time Off or require submission of personal time in order to be paid
Time Off

- **Bereavement Pay**
  - Up to 3 days off with pay for immediate family; 1 day for other family members
  - Employer defines relationships that qualify in each category.
Time Off

- Jury Duty/Court Appearance
  - Full day pay for a set number of hours
  - Some employers require you to turn over check received for service; others pay the difference.
Time Off

- **Leave of Absence**

  FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:
  - For incapacity due to pregnancy, prenatal medical care or child birth;
  - To care for the employee’s child after birth, or placement for adoption or foster care;
  - To care for the employee’s spouse, son or daughter, or parent, who has a serious health condition; or
  - For a serious health condition that makes the employee unable to perform the employee’s job.

  Employees are eligible if they have worked for a covered employer for at least one year, for 1,250 hours over the previous 12 months, and if at least 50 employees are employed by the employer within 75 miles.

  FMLA protects job and some benefits but does NOT require employer to provide paid time off.
Insurance Plans

- **Health Insurance**
  - Cost shared between employee & employer

  - Most employers offer pre-tax premium contribution which subjects participants to IRS rules which affect your ability to make changes outside of the defined Annual Enrollment Period

  - Employers define who is eligible for coverage – ask what type of confirmation you need so that your dependent(s) would qualify

  - *Consideration*: Compare “apples to apples” – premiums, co-pays, in-network/out-of-network providers, prescription drug benefits, mental health coverage
Insurance Plans

Health Insurance Continued

Changes under the Affordable Care Act currently include:

- Free preventive care when using in-network providers
- Children covered until age 26
- Unlimited care – no more lifetime maximum coverage limits
- No pre-existing condition exclusions
- Employees averaging 30 hours/week or more eligible
Insurance Benefits

- Dental Plan
- Vision Plan

- Normally an optional at additional premium
- Employer may contribute to the cost of these plans.
Insurance Benefits

- Employee/Dependent Life Insurance
- Accidental Death & Dismemberment Policy
- Short Term/Long Term Disability Policy
- Flexible Spending Accounts
  - Health Care and/or Child Care – you contribute pre-tax dollars which reimburse eligible expenses.
Pay Attention to Enrollment Waiting Periods and Deadlines

- There is usually a waiting period for insurance coverage to become effective. Maximum waiting period is 90 days under Affordable Care Act.

- Be aware of your enrollment period; late submissions may be rejected.

- Know when your Annual Enrollment period. It’s normally the same time period each year.

- Usually addition of new child or new spouse must be submitted within 30 days of the event.
Two Benefit Household

- Most employers pay a portion of the employee’s medical, dental, vision insurance.

- It may be more cost effective for each adult to carry own coverage.

- Some employers will offer higher hourly pay if waiving medical coverage.

- Some options may not be available to you under a spouse’s plan such as short/long term disability.
Learn the Basics

- When it comes to insurance coverage, what you don't know can have a big impact.

- Know your network – Radiologists, Anesthesiologists, ER Physicians, and Pathologists are not necessarily in the network just because they service an in-network facility.

- Are there restrictions?
  - Example: Emergency Room usage

- Is pre-certification required?
  - May apply to brand name medications as well as medical procedures

- Know the process to add new child, spouse/domestic partner to coverage.
Retirement Benefits

- Types of Retirement Plans include 401(k), 403(b), 457, Simple IRA, SEP Plan, Employee Stock Ownership, Defined Benefit Plan (such as LASERS or TRSL in Louisiana).

- Take advantage of any employer match plans.

- Start as early as possible to save. Most couples facing 20 years of retirement will need $2-3 million to live comfortably.

- Even minimal investment will add up significantly over a 30 year time span.

- When changing jobs, consider rolling the retirement funds from one plan to another—rather than a cash withdrawal. A rollover is exempt from taxes and penalties.
Miscellaneous Options

- Education Benefits
  - Educational assistance in the form of reimbursement or tuition waiver
  - Student Loan conversions
  - In-house professional development
  - 529 College Savings programs
  - Scholarship programs for dependents
Miscellaneous Benefits

- Pre-tax premiums
- Cancer Policies
- Critical Illness Plans
- Infertility benefits
- Hospital Discounts
- Long Term Care Plan – help defray in home care or Nursing home costs
Miscellaneous Benefits

- Meal Discounts
- Fitness Center
- Parking – free or employee paid
- On-site banking
- Malpractice Insurance
- Legal Assistance Policies
- Employee Assistance Programs
- Service Awards
- Flex schedules/Work at home options
- Adoption Reimbursement Program
- Child Care Discounts
Pay and Taxes

Pay Dates

- Semi-monthly - paid on 1st and 15th of the month
- Bi-weekly – paid every other week
- Monthly – paid at end of each month

LOOK AT YOUR PAY STUB!

Employers make mistakes:

- Verify that taxes are being withheld.
- Check for the correct premium deductions for any/all benefits in which you are enrolled.
Pay and Taxes

- Bonus checks are subject to taxes, normally at a 22% withholding rate. Bonuses are subject to state and federal taxes.

- Payout of vacation time upon termination of employment is also subject to taxes—normally at a 22% withholding rate.
  - If bonus or vacation payout is included in your regular pay, it may push you into a higher tax bracket.
The number of exemptions you claim impacts the amount of taxes withheld

- Fewer exemptions = higher tax withholding
- More exemptions = lower tax withholding

- A married person can claim single status for tax-withholding purposes, resulting in higher tax withholding.

- Conversely, a single person may claim married status for tax-withholding purposes, resulting in lower tax withholding.

- The exemptions you claim on the withholding forms do not have to mirror Federal Income Tax return.
Wages


Wages by Occupation and Local Area

The wage occupation *Clinical laboratory technologists and technicians* aggregates data for these 2 occupations:

Medical and Clinical Laboratory Technicians ----- Medical and Clinical Laboratory Technologists

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State Data Source: Louisiana Occupational Wage Data
Intangible Benefit – Organizational Culture

What is it?

- Shared assumptions
  - Who we are and what are we trying to accomplish
  - Belief in the values of the organization
- Shared values
  - The way we do things
- Behavioral norms
  - Common behaviors among the group
QUESTIONS?