Transitioning to Career: Understanding Employer Benefits

Jodi Kaus, Director
Powercat Financial Counseling
Salary isn’t everything!

Evaluate the employee benefits and the out of pocket costs with the benefits provided along with the salary
Most common benefits offered in the workplace as of July 2012 according to the Bureau of Labor Statistics:

<table>
<thead>
<tr>
<th>Benefit Type</th>
<th>Employers Offering</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation Pay</td>
<td>77%</td>
</tr>
<tr>
<td>Holiday Pay</td>
<td>77%</td>
</tr>
<tr>
<td>Health / Medical Care</td>
<td>70%</td>
</tr>
<tr>
<td>Prescription Drugs</td>
<td>69%</td>
</tr>
<tr>
<td>Paid Jury Duty</td>
<td>63%</td>
</tr>
<tr>
<td>Paid Sick Leave</td>
<td>61%</td>
</tr>
<tr>
<td>Paid Funeral Leave</td>
<td>60%</td>
</tr>
<tr>
<td>Defined Contribution Retirement Plan</td>
<td>59%</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>57%</td>
</tr>
<tr>
<td>Employee Assistance Programs</td>
<td>48%</td>
</tr>
<tr>
<td>Dental Care</td>
<td>45%</td>
</tr>
<tr>
<td>Non-Production Bonus Pay</td>
<td>42%</td>
</tr>
<tr>
<td>Short Term Disability</td>
<td>39%</td>
</tr>
<tr>
<td>Paid Personal Leave</td>
<td>37%</td>
</tr>
<tr>
<td>Healthcare Reimbursement Account</td>
<td>36%</td>
</tr>
<tr>
<td>Wellness Programs</td>
<td>34%</td>
</tr>
<tr>
<td>Dependent Care Reimbursement Account</td>
<td>34%</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>33%</td>
</tr>
<tr>
<td>Paid Military Leave</td>
<td>33%</td>
</tr>
<tr>
<td>Vision Care</td>
<td>25%</td>
</tr>
<tr>
<td>Defined Benefit Retirement Plan</td>
<td>19%</td>
</tr>
<tr>
<td>Health Savings Account</td>
<td>19%</td>
</tr>
<tr>
<td>Financial Planning</td>
<td>18%</td>
</tr>
<tr>
<td>Long Term Care Insurance</td>
<td>16%</td>
</tr>
<tr>
<td>Paid Family Leave</td>
<td>11%</td>
</tr>
<tr>
<td>Childcare</td>
<td>9%</td>
</tr>
<tr>
<td>Subsidized Commuting</td>
<td>6%</td>
</tr>
<tr>
<td>Flexible Workplace</td>
<td>6%</td>
</tr>
<tr>
<td>Payroll Deduction IRA</td>
<td>4%</td>
</tr>
<tr>
<td>Stock Options (Performance)</td>
<td>3%</td>
</tr>
</tbody>
</table>

Benefits

• Refer to list of benefits from salary.com
• Check to see if employer offers other benefits
• Ask about financial support for each benefit offered
• Add up value of offered benefits to see if they compare to your benchmark
• Be creative, but remember, benefits have to benefit you
• Remember, consider what might make an unacceptable salary offer more acceptable
• Hold off on decision until you see the entire compensation package
Benefits

If the benefits are equal to or exceed the norm—good! If they are much smaller—then what?

- Whatever the reason the employer is not offering competitive benefits is not your concern.
- Can you go elsewhere and get better benefits?
- Added benefits can make up for a smaller salary.
- Don’t penalize yourself by not negotiating for benefits.
- Be creative about ways to make up for benefits shortfalls.
## Benefits

**What might make an unacceptable offer more acceptable?**

<table>
<thead>
<tr>
<th>Monetary</th>
<th>Near-Monetary</th>
<th>Nonmonetary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>Benefits</td>
<td>Title</td>
</tr>
<tr>
<td>Promised increases</td>
<td>Overtime pay</td>
<td>Promised review dates</td>
</tr>
<tr>
<td>Yearly bonuses</td>
<td>Company car</td>
<td>Travel assignments</td>
</tr>
<tr>
<td>Signing bonuses</td>
<td>Travel awards</td>
<td>Home equipment usage</td>
</tr>
<tr>
<td>Profit sharing</td>
<td>Relocation assistance</td>
<td>Extra week of vacation</td>
</tr>
<tr>
<td>Stock options</td>
<td>Expense coverage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dental or optical insurance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>On-site, free child care</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Training and education</td>
<td></td>
</tr>
</tbody>
</table>

### Balance-sheet approach

- List reasons for accepting
- List reasons against accepting
- Take your time

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Be creative, but remember that benefits have to benefit you! Hold off your decision until you see the entire compensation package.
Health Insurance

- Employer subsidized or group insurance coverage v. private medical insurance
- Understand who pays what % of the premiums
- If a “managed-care” plan - understand your “network” providers
- Take advantage of preventative care benefits
- Prescription/vision/dental coverages
- Possible flexible spending account for uncovered medical and dependent care expenses
- High deductible plans with a health saving acct.
Health Savings Account (HSA) versus Flexible Spending Plan (FSA)

• HSA:
  – Goes along with a high-deductible health insurance plan which generally have smaller premiums
  – Deposits are pre-tax and can stay there forever or be withdrawn tax-free for out of pocket medical expenses
  – HSA money can be invested

• FSA:
  – Not tied to a health insurance policy
  – Can be used for medical and child care out of pocket expenses
  – Deposits to an FSA are pre-tax
  – Use it or lose it!
Disability Insurance

• Replaces portion of income upon severe injury or illness
• Factors to Consider:
  – Waiting period – use sick leave for short-term
  – Length of coverage – until retirement
  – Definition of “disabled” and “ability to work” and “occupation”
  – 50-70% of income replacement
  – Supplement to SSI
  – Cost of living adjustments
  – Rate increases
  – Benefit payments are tax-free if employee pays premium but not if employer pays
Life Insurance

- Determine what is your insurable risk
- General rule: (75% of current income x number of years needed) + additional expenses like repayment of debts – existing assets and survivor’s income (see www.life-line.org)
- Term insurance – no cash value, reduced premiums if under 45, length of time or specific age, may convert to permanent insurance
- Whole life or permanent insurance – builds cash value
- Review as needs change!
Retirement Benefits

- **Defined benefit or pension plan** – provides a certain amount when you retire
- **Defined contribution plan** – allows you to save for your own retirement with possible employer match (401(k) and 403(b) plans)
  - Contributions are pre-tax
  - Grows tax deferred then pay taxes when you withdraw the money
  - Possible vesting requirements
- **Employee stock purchase plan** lets you buy stock in your employer’s company often at a discount through payroll deduction
  - Make sure the company stock is a good investment!
Helpful Online Tools

- www.ksu.edu/pfc
- Career & Salary Exploration – myplan.com
- Financial Calculators – dinkytown.net
- www.CareerOneStop.org
- www.SaltMoney.org
KSU’s Powercat Financial Counseling bought you SALT! {saltmoney.org/K-State}
Jobs, Internships & Scholarships!

Exclusive Jobs And Internships

BUSINESS OPPORTUNITIES NEAR BOSTON, MA

Refine Search

- Hedge Fund Business Analyst
- Business Analyst
- Marketing sales, Business Strategies and Business Development

Filter Results

Top Locations:
- All Locations
- Boston (256)
- Cambridge (66)
- Newton (18)
- Framingham (13)
- Waltham (12)
- Dedham (11)
- Brookline (10)
- Burlington (10)
- Woburn (10)
- Beverly (8)

Employer Type:
- All
- Profit (306)
Loan Navigator

Standard Repayment Plan

Standard repayment is simple: You pay the same amount each month for 10 years. On this plan, the total amount of interest you have to pay will generally be lower, too—so, if you can afford the monthly payments, it's generally the best overall deal.

Standard repayment is the plan you're automatically enrolled in unless you request a different one.

Learn more about standard repayment.

More>

Stacking it up

Your monthly payment

Depending on your financial circumstances and repayment plan, your monthly payment may go up over time. The repayment period will vary for each repayment plan. To find out how long you will be making payments under this repayment plan and how we came up with these numbers, check out the bottom of the page.

The Basics

- You are automatically placed into standard repayment once you finish your grace period.
- Repayment lasts 10 years, or 120 payments.
- While you may have a higher payment amount, standard repayment generally costs you the least amount of money in the long run.
Learn Stuff! {on your own time}

$ALT

BEGIN YOUR VOYAGE...
Chart your course to financial freedom with SALT's Repayment Navigation.

GET GOING >

$ALT My Money 101

SALT keeps more money in your pocket during and after college.

PAYMENT REMINDER
February 13 PAYMENT REMINDER ALERT: Jodi, you have a payment due to avoid late fees.

PAYMENT REMINDER
March 13 PAYMENT REMINDER ALERT: Jodi, you have a payment due to avoid late fees.

My courses
- Fundamentals
- Educational Planning
- Internships, Incomes, and Careers
- Employment

There's no way around it: the way you think about money affects all your financial decisions. Here are some tips on creating a budget and managing your finances.

If you're thinking about college, you probably have a dream about what you want to achieve. Transform that dream into a reality. This course will help you plan for the future, assess your options, and put together a plan that works for you.
Registration Process

SHOW YOUR MONEY WHO'S BOSS WITH SALT™

GET STARTED >

SALT™ keeps more money in your pocket during and after college—FOR FREE! SIGN UP NOW!

FEATURED

Get Expert Student Loan Help

Getting The Best Letters Of Recommendation For Scholarships

SALT™ is 100% FREE!
• Make awesome financial decisions
• Crush your student debt.
• Live life on your terms.

SALT™ is a free, nonprofit bank account resource that makes it simple to take control of your finances and pay your student loans.

Sign up now to:
• Track and plan your student loans
• Get personalized guidance when you need it
• Find scholarships, internships, and jobs
• Gain knowledge on how to be money smart

SALT values your privacy and will never sell your email address.

I agree to SALT's Terms of Use and Privacy Policy

GET STARTED

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Get Free Assistance

Need Loan Help? 877.523.9473

Need SALT Help? 855.469.2724
$tart $mart
SALARY NEGOTIATION WORKSHOP

Participate in this comprehensive workshop designed to provide college women with knowledge and skills to negotiate equitable salaries and benefits.

FULL SESSION

This two-hour interactive workshop will include lecture and role-playing to help you:

- Understand the wage gap
- Develop a personal budget
- Benchmark compensation packages
- Negotiate to be paid fairly

Tuesday, April 8
6:00 - 8:00 PM
KSSU Little Theater

RSVP Here:
http://www.k-state.edu/ces/students/startsmart.html

Co-sponsored by:
The American Association of University Women (AAUW) &
Kansas State University

FOLLOW-UP SESSION

Follow-up a lecture-based salary negotiation seminar with this practice session designed to provide college women with the skills to negotiate equitable salaries.

This one-hour follow-up session will enable students who have attended a salary negotiation lecture to:

- Review salary negotiation basics
- Target your compensation package
- Practice negotiating your first offer
- Share ideas and concerns with others

Tuesday, April 8
4:00-5:15 PM
KSSU Little Theater

RSVP Here:
http://www.k-state.edu/ces/students/startsmart.html

Co-sponsored by:
The American Association of University Women (AAUW) &
Kansas State University
Free Graduate Student Workshop on Student Loan Repayment

Seminar / Powercat Financial Counseling

Graduate student are invited to learn how to check the status of your loans and the best practices on working to repay them, along with information about loan forgiveness programs.

This seminar is part of a series of graduate student financial education workshops provided by K-State's Powercat Financial Counseling as part of a grant from the Council of Graduate Schools funded from TIAA-CREF.
For FREE one-on-one help with evaluating job offers, student loan repayment options, budgeting or other financial needs contact Powercat Financial Counseling

www.ksu.edu/pfc