

Slp 2 - mgt 411 compensation: benefits

Business



The main goal of employee benefits is to promote the economic status of individuals and enhancing the living standards (Employee Benefits Research Institute, 2005). This is achieved through the insurance against unpredictable scenarios. Furthermore, employee benefit programs boost economic stability of a country through assisting in income security and promoting the general welfare of the households. This ultimately leads into an upwardly mobile economy.

Describe the compensation that you receive in the form of benefits

The range of compensation received in the form of benefits are divided into two categories namely the mandatory and voluntary benefits (Employee Benefits Research Institute, 2005). In this regard, the range of benefits are social security retirement, medicare, social security disability, workers compensation, unemployment insurance, vacations, rest periods, paid lunches, awards and cash bonuses, severance pay, employee and dependent health, dental insurance, retiree health insurance, vision insurance, educational assistance, child care, legal assistance, discounts, meals, cafeteria facility, parking and meals (Employee Benefits Research Institute, 2005).

Which are " mandatory", and which are " voluntary"?

The mandatory benefits are legally mandated by the government through programs that ensure universal coverage. In addition, they are mostly designed to boost income security of an individual in the event of either sickness, retirement or retrenchment (Employee Benefits Research Institute, 2005). The mandatory benefits are composed of social security, unemployment compensation, Medicare part A, workers compensation. In relation to social security, it is taxed as 8% from the employer and the <https://assignbuster.com/slp-2-mgt-411-compensation-benefits/>

employee tax on wages (Employee Benefits Research Institute, 2005). The unemployment compensation is an experienced based tax in which the eligibility is achieved when an individual has worked for 1 year without going on strike, getting fired or resigning from the job.

Voluntary benefits are majorly designed at promoting cost savings and convenience for the employees (Employee Benefits Research Institute, 2005). Furthermore, voluntary benefits are majorly provided by owners and management of businesses for their employees. In this regard, the voluntary benefits include paid lunch, severance pay, rest periods, awards and cash bonuses, employee and dependent health insurance, dental insurance, retiree health insurance, educational assistance, parking, meals, cafeteria facility, and child care (Employee Benefits Research Institute, 2005).

Voluntary benefits, which are taxable

The voluntary benefits which are fully taxable are composed of paid lunches, vacations, severance pay, rest periods, awards and cash bonuses (Employee Benefits Research Institute, 2005).

Voluntary benefits that are tax exempt

Voluntary benefits that are tax exempt include retiree health insurance, dental insurance, employee and dependent health insurance, vision insurance, legal assistance, educational assistance, child care, flexible spending accounts, discounts, parking, meals and cafeteria facility.

Voluntary benefits that are tax deferred

The tax deferred benefits are composed of defined benefit pension plans, Keogh plans, defined contribution plans that are divided into several categories. The categories of the defined contribution plans are composed of money purchase pension plans, savings and thrift plans, deferred profit-

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sharing plans, employee stock ownership plans, simplified employee pension plans, stock bonus plans, cash or deferred arrangements (sec. 403 b, sec 401 k, sec 457), and individual retirement account (Employee Benefits Research Institute, 2005).

References

Employee Benefits Research Institute. (2005). Employee Benefits in the United States: An Introduction. Retrieved May 23, 2010 from: <http://www.ebri.com/pdf/publications/books/fundamentals/Fnd05.Prt01.Chp01.pdf>

Arthur, D. (1995). Chapter 8: Benefits. In *Managing Human Resources in Small and Mid-Sized Companies*. New York: AMACOM Books. (Note: Skim through the section on laws, up to p. 203, then read the rest).

Arthur, D. (1995). Chapter 6: Compensation. In *Managing Human Resources in Small and Mid-Sized Companies*. New York: AMACOM Books.

Employee Benefits Research Institute. (2007, March). EBRI research highlights: Employment-Based Health Benefits: Access and Coverage, 1988-2005. EBRI Issue Brief, No. 303. Read pages 4, 5, 8, 11, 14, and 16-21.