

Cebs gba 1: assignment 1



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Broadview of employee benefits any form of compensation other than direct wages paid to employees. includes gov required benefits and private plans. employers share of soc security tax, paid vacation and pension plans. narrow view of employee benefits any type of plan sponsored or initiated unilaterally or jointly by employers and employees engaged in providing benefits that result from the employment relationship that are not underwritten or paid directly by the gov

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how many categories of benefits fall under the broad view of employee benefits? 5

Name the 5 categories of benefits fall under the broad view of employee benefits

1. legally required benefits

2. Payments for time not worked

3. employers share of medical and medically related benefits

4. employers share of retirement and savings plan payments

5. misc benefits like employee discounts, severance pay and education expenditures.

why do firms have established employee benefit plans

1. to attract top talent

2. retain employees

3. belief that good plans will foster efficiency, productivity and better morale

describe the 1948 national labor relations board ruling against Inland Steel

the duty to bargain in good faith over wages also included insurance and fringes such as pension benefits.

describe the WW Cross and Co case

NLRB rules that wages included a health and accident plan

explain the Taft Hartley Act related to employee benefit planning. it is the framework for good faith collective bargaining over wages, hours, conditions and terms of employment and employee benefits. works along with the Internal Revenue

Code to establish the distinction between retirement benefits and welfare benefits.

also provides the regulatory framework for administration of these benefits in a collective bargaining agreement. what is the Taft Hartley act also known as the Labor Management Relations Act Which act is the legislative basis on which jointly trustee benefit plans are founded? Taft Hartley Act also known as the Labor Management Relations Act Why is insurance coverage provided as an employee benefit? Employment based insurance is convenient for employees. they dont have to search for individual insurance and it is less expensive.

providers and suppliers find it more convenient and simpler to communicate and market employee benefits through an employer where should the design of an employee benefit begin? It starts with setting overall objectives from the standpoint of the employer and the employees what are the key questions that should be addressed with setting benefit objectives 1. what benefits should be provided?"

2. who should be covered by the plan?

3. should employees have benefit options?

4. how should the plan be financed?

5. how should the plan be administered?

6. how should the benefit plan be communicated? describe the functional approach to benefit planning? the application of a systematic method of analysis to an employers total employee benefits program

looks at the organizations employee benefit program as coordinated. has ability to meet various needs and to manage loss exposures within the employers overall compensation goals and cost parameters. why is the

functional approach thought to be good for planning designing and administering employee benefits¹. benefits are a big part of total employee compensation

2. they are a tax effective way of compensating employees

3. they are a large item of labor cost for employers thus good planning is important to avoid waste.

4. when benefits are done piecemeal and not coordinated, there are gaps and overlap

5. systematic approaches keep the plan current, competitive and compliant

6. allows for proper benefit integration what are some of the elements that an employer should try to balance in its compensation system? 1. basic cash wages and salary

2. current incentive compensation

3. employee benefits³ types of total compensation/benefits policies that an employer could adopt¹. follow the company's own prevailing

compensation/benefits level in their firms industry or community or both

2. high comp/benefits policies attempt to attract higher levels of management, technical and general employee talent

3. low compensation/benefits policies are lower than average and more modest in scale how does an employers industry affect its compensation

philosophy and benefits approach? 1. liberal approach- taken by nonprofits, larger and mature industries, financial industries

2. short term oriented compensation- developing firms or growth industries.

also applies to seasonal fluctuating businesses or ones that are highly

competitive. applies to depressed industries unwilling to add to fixed labor costs define the compensation/service oriented benefit approach employers

with this benefit approach tend to relate employee benefits primarily to compensation or service or both when creating plans within the constraints of any nondiscrimination rules thus the level of benefits would be tied to the salary or pay of the employees and their years of service define the needs-oriented benefit approach focuses on the needs of the employees and their dependents. employers with this philosophy tend to design benefits focus on this basis what are the steps to applying the functional approach to employee benefit plan design, review and revision create logical functional categories for employee/dependent needs

define the types of people the employer wants to protect

review benefits currently available under the plan according to functional categories like objectives or needs vs who they want to protect vs regulatory requirement vs mandatory coverages

check for gaps in coverage

offer suggestions for changes in the current plan to address gaps/problems

estimate the cost or savings from suggestions

look into alternate methods of financing plan

look at cost saving techniques in addition to the recommended or current benefits

decide the benefits, financing, and sources of benefits

implement changes

communicate benefits to employees

reevaluate the plan periodically common employee needs or losses that could be met thru benefit plans medical care, lost wages due to illness, lost wages due to death, retirement needs, capital accumulation, unemployment of temporary termination, financial counseling, losses from property and

liability exposures, needs for dependent care expenses, needs for educational assistance, needs for custodial care expenses (long term care) what are the types of employees that are usually considered as unique when determining benefit coverages? 1. full time employees

2. dependents of full time employees

3. retired old employees

4. dependent of retired former employees

5. disabled employees and dep

6. surviving dep of dead employees

7. terminated employees and their dependents

8. employees and dep who are temporarily separated from the employer such as due to military service, layoffs, strikes, etc

9. people other than full time employees such as part timers and directors.

what are the 2 things that are reviewed when examining the existing or proposed empl benefit program? 1. levels of benefits

2. length of service requirements show can replacement ratio be used to set

benefit levels of retirement and disability plans? the retirement income

objective might be expressed in terms of a percentage of the estimated final

pay of an employee. when a retirement plan is created to replace income

then soc sec money, various other capital accumulation benefits and the retirement plan itself would be considered

for disability plans can also apply the replacement ratio using average or

normal earnings. income from all sources under the total compensation

package as well as the disability income plan itself should be considered

replacement ratio a percentage of the estimated final pay of an employee how might the length of service or probationary periods vary with respect to protection oriented benefits and accumulation oriented benefits? benefits with shorter probationary periods are offered due to the immediate needs of employees and their dep.

accumulation oriented benefits have a longer probationary period to reward longer service and usually don't equal urgency to the employee... such as 401k

define protection oriented benefits consist of medical expense benefits, life insurance benefits, and short and long term disability income benefits that protect employees from loss exposures that could be financial disaster.

define accumulation oriented benefits typically pension plans, profit sharing plans, savings or thrift plans. have longer probationary periods. viewed as a reward for long service true or false: if participation in a contributory plan is mandatory, it will create an employee relations problem true making a plan contributory will improve employee participation what are the conflicts between flexibility in a plan versus functionality the more flexibility an employee has the more likely they will select a benefit that best meets their needs. flexibility in plan design helps the functional approach.

flexibility in the types and amounts of benefits works against the functional approach because employees may not see all their needs and leave some important needs uncovered