WORK AND LIFE:
A QUICK GUIDE TO EMPLOYEE BENEFITS

Takeaway Points

- Most employee benefits are not legally mandated; in the U.S., employers are only required to make contributions on their employees' behalf into Social Security, Medicare, unemployment insurance, and Workers' Compensation.
- Larger, more established companies usually offer the most comprehensive benefits packages.
- In some cases, a lower salary and better benefits may actually put more money in your pocket than the other way around.

By: Team Pongo

A benefits package can be a major factor in whether you accept a job offer or move on to another career opportunity. A wide array of benefits can help offset a so-so salary offer, and may give one employer an edge over others that want to hire you. On the other hand, a package of acceptable (but not outstanding) benefits, coupled with an above-average salary, may be just as attractive.

Most employee benefits are not legally mandated; in the U.S., employers are only required to make contributions on their employees' behalf into Social Security, Medicare, unemployment insurance, and Workers' Compensation. But employers recognize that qualified job candidates will generally be more attracted to a company with good benefits that go beyond the legal minimum, and those benefits cost money. In December 2007, according to the **Employee Benefit Research Institute** (EBRI), benefits represented 30.2% of total compensation costs paid by U.S. employers. That means an employee who receives an annual salary of $60,000 actually costs the employer $78,000 after factoring in the benefits.

So it's not surprising that larger, more established companies offer the most comprehensive benefits packages. Smaller companies and startups usually can't afford to compete dollar-for-dollar, but they might make up for it with better perks such as flexible scheduling or greater recognition of individual contributions.

Employee benefits can be grouped into these categories:

- **Insurance**
  Examples: Medical, dental, life, short- and long-term disability insurance
- **Financial and Retirement Planning**
  Examples: Pension, 401(k), flexible spending accounts
- **Paid Time Off (PTO)**
  Examples: Vacation, sick time, holidays, bereavement leave, personal days
- **Perks**
  Examples: Flexible hours, telecommuting, onsite daycare, gym access, discounts, employee assistance, tuition reimbursement

The four most widely offered benefits, according to the EBRI, are life insurance, health insurance, 401(k), and PTO/vacation/paid holidays.

If you anticipate a job offer, or have one in hand, take the time to understand the value of the benefits before you make your decision.

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STEP 1. FIND OUT WHAT THEY OFFER

Every employer works differently. Some might give full details about their benefits before you finish your first interview, while others will wait until they extend a formal job offer. However, keep in mind that inquiring about benefits in a first job interview is considered bad form. If you're curious about an employer's offerings, see if they have a career opportunities page on their web site; many large companies will post their benefits packages there to entice potential candidates.

Here's a list of questions you might ask yourself to see how well your desires match up with an employer's benefits:

Insurance

- Is there a **health insurance** plan that provides access to good doctors and health care facilities?
- Is coverage available for your spouse or domestic partner and children, if applicable?
- If there is **life insurance**, will it cover me even with a pre-existing condition?
- Does the employer offer **dental or vision** insurance?
- Is short- or long-term **disability coverage** available?
- Are there other insurance options, such as **long-term care insurance**?
- And most importantly, what percentage of the insurance premiums is **employer-paid**, and how much would come out of my paycheck?

Financial/Retirement Planning

- Is there a **401(k)**, **pension**, or other plan to help me with retirement goals?
- If so, does the **company match** all or some of what I'd contribute?
- Does the employer offer **flexible spending accounts** so I can set aside pre-tax money to help pay for health care, child care, or commuting?

PTO/Vacation

- How many paid **vacation days and holidays** will I be entitled to?
- Can I carry over or receive cash for **unused vacation** time?
- Are **sick days** counted separately, or is all time off considered PTO?

Perks

- Does the employer pay for **professional development**, such as seminars or continuing education credits?
- Is there **tuition reimbursement** if I choose to further my education?
- Does the employer offer **dependent care**, such as on-site child care or discounted services from certified care providers?
- Are there options for **flexible work schedules** or **telecommuting**?
- Do they offer perks to help with **work/life balance**, such as onsite or discounted gym access, shopping, personal services, or employee assistance programs?

Did you know?

Pongo's Resume Builder provides you with all the tools you need to enhance your job search. You can build as many resumes as you like!

STEP 2. DECIDE WHAT'S IMPORTANT TO YOU

In some cases, a lower salary and better benefits may actually put more money in your pocket than the other way around.

Consider your own priorities in conjunction with the benefits package. For example: A 46-year-old with a spouse, three children, and a mortgage will have very different priorities from those of a 23-year-old who lives at home with his or her parents. This difference is especially pronounced when it comes to health insurance needs. An individual policy costs considerably less than a family policy. If the employee and his or her spouse both work and have access to health insurance from their employers, they can determine which employer would provide the better coverage based on the costs of the premiums, co-payments and deductibles, as well as what each plan provides.

Also, keep in mind that some companies have a waiting period for new hires before benefits take effect. For instance, you might face a 60- or 90-day wait before you can enroll in health insurance. (Employers enact such policies to avoid the high cost of enrolling a new hire, only to have the person leave a month later.) If you're uninsured or paying for your own insurance, that wait can be a big consideration.

STEP 3. DETERMINE THE REAL VALUE OF THE OFFER

If you're employed and want to advance in your career, performing a side-by-side analysis of what you have versus what you'd be getting can help you determine if the job offer represents a step forward. Or, if you're willing to take a lateral or backward step in order to change careers or just get back to work, it's still important to figure out how much income you'll actually have, based on the total value of the salary offer plus benefits, and whether you can survive on that.

If the company really seems to want your skills, there may be room to negotiate. If the salary offer is less than what you want, see if the employer can provide more in the benefits package. Conversely, if the benefits package falls short, see if they're willing to bump up the salary.

Employee benefits can make a big difference to your financial security and peace of mind. So, when you're considering a job offer, be sure you understand the non-salary benefits and weigh their value before you make a final decision.