

PCC Benefits Package

A case study

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Session Goals

1. Discuss principles behind benefit packages
2. Suggest benefit options valuable to employees

Benefit Corporation

Four constituencies:

- Customers
- Employees
- Community
- Shareholders/Owners

Benefits vs Compensation

- Consider benefit package as additional compensation (at PCC benefit costs equals 20% of wages and taxes)
- Value of benefits to employees outweighs wage offset
 - Not all employees would agree if given the choice

Benefits vs Compensation

- Base benefit decisions on genuine perceived value to employees, rather than on perceived employee retention gains (maybe?)
- In general, we believe employees should do the type of work they enjoy in an environment they enjoy. We do not want to use benefits or any other method to coerce employees to stay at PCC when they would rather leave.

Benefit Package - Time off

- Combined Time Off
 - Sick time mandated in VT at 6 days per year (pay attention to mandates)
 - Give employees reasonable time off for personal needs
 - 21 days to 5 years, 26 days to ten years, 31 days beyond

Benefits Package - Time off

- Holidays
 - Generally follow client office schedules. Close for Memorial Day, but not Columbus Day.
 - Juneteenth?
 - Most off for the week of Thanksgiving.

Benefits Package - Time off

- Holiday break
 - employee commitment can lead to burn-out
 - mandating an annual sustained break of two weeks helps employees recharge
 - Office remains open with limited staffing.

Healthcare

- We have trod a long winding path...
 - Standard plan to semi-self-insured to Exchange
 - Our plan is complex, but less expensive (it still costs a fortune)

Healthcare Plan

Four levels of funding:

1. HSA (Health Savings Account)
2. OOP (Out of pocket)
3. HRA (Health Reimbursement Account)
4. Insurance

Healthcare Plan

- Bottom line - OOP capped at \$750/yr single, \$1,350/yr multiple.
- HSA is funded well (many companies used HSA's to cut costs by pushing the deductible costs to the employees. We did not.)
- HSA covers initial costs, then OOP, then HRA, then insurance

Healthcare Plan

Employee Contributions

- single - \$50/month, dual - \$100/month, multiple - \$150/month.
- No changes in 20 years.
- Increasing employee contribution would reduce effect of annual raise.

Dental

- Insurance plans not financially beneficial
- Provide reimbursement plan instead
- We don't want to adjudicate claims, require a receipt from a dentist, that's it.

Dental

- Annual dollar limit for each member of the family
- Set the limit high enough to cover real expenses
- We don't believe employees will "spend" this money irresponsibly. (Who wants a root canal when they don't need one?)
- Current limit \$2,000
- Total cost in 2022 \$93,077 covering roughly 100 employees and 237 family members. That's roughly \$77/month per employee.

Vision

- Insurance plans not financially beneficial
- Provide reimbursement plan instead
- We don't want to adjudicate claims, just a relevant receipt

Vision

- Annual dollar limit for each member of family
- Set the limit high enough to cover real expenses
- Current limit \$1,000
- Total cost in 2022 \$56,408 covering roughly 100 employees and 237 family members. That's roughly \$47/month per employee.

Vision (this one's crazy)

- Lasik surgery covered to \$4,000. One time benefit.
 - Good example of a beneficial service employees may decline due to cost.

Hearing Aids

- New benefit for PCC (now that our population is aging)
- \$1,500 for the purchase of hearing aids, one claim per 3/years.
- Total cost in 2022 \$1,500. (One claim)

Fitness Benefit

- Designed to promote activity
- Acceptable expenses have expanded over the years. Gym memberships, ski passes, skis, bikes, etc.
- Only applies to employee, however employee may use the funds for a family member.
- \$750/year
- Total cost in 2022 \$54,409. Roughly \$544/employee.

401(k)

- Standard 401(k) plan
- Match 4%
- Immediate vesting. We do not use vesting to retain employees who would rather go somewhere else.
- 3 month waiting period to enroll.

Life and Disability Insurance

- \$50K life policy for everyone.
- Disability for everyone. Pays 60% of current salary.
 - Applies to maternity leave

Family Medical Leave

- Provide 6 weeks of paid family leave for qualified events.
- Qualification follows Family Medical Leave Act (FMLA) guidelines.
- Include domestic partners
- Many states now implementing this formally.

Jury Duty

- Paid at regular salary rate up to 15 days

Flexible Benefits

- Dependent Care
- Healthcare
 - Employee contribution to healthcare runs through this tax-free account
- Commuter Choice

Adoption Benefit

Provide \$5,000 toward adoption costs.

Electric Vehicle (EV) purchase

\$1,000

Cell Phone Plan

Reimburse up to \$85/month for employee cell plan.

Home Internet Connection

- Paid by PCC.
- Generally \$85/month

Tuition Reimbursement

- Follow IRS limits
- \$5,250/year
- Must qualify under IRS rules

Employee Assistance Program (EAP)

Contract with local company for these valuable, but underused services.

AAA Membership

Who knows why, but it sure comes in handy when you need it.

Session Takeaways

1. Many options available
2. Get creative
3. Listen to your employees

What Questions Do You Have?

Later Viewing

This and all other UC2023 course recordings will be available for later viewing through the app.