

1.4: READ- Employee Benefits in 2024 - The Ultimate Guide



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The Importance of Employee Benefits

If the Great Resignation climate has taught us anything, it's that employee benefits are more important now than they've ever been. The U.S. Bureau of Labor Statistics reported a record-breaking 47.8 million people quit their jobs in 2021, up 33% from 2020. With 10.1 million job openings as of August 2022, employers are scrambling to find the right employee benefits to attract, engage and retain top talent—all while trying to stay within their budget.

What Are Employee Benefits?

Employee benefits are employee compensation packages that include extras such as health insurance, retirement savings plans, paid vacation days and more. Employers offer employee benefits to attract and retain top talent, as well as improve employee productivity and engagement. These are important because studies have shown that employees who feel valued and appreciated by their employer are more likely to stay with the company and be productive. Some benefits are even required by law.

Why Employee Benefits Matter

Employee benefits are a key part of the employee compensation package and can be a deciding factor when candidates are considering multiple job offers. They can also help improve employee productivity, engagement and retention.

A recent study by the Society for Human Resource Management found that 90% of survey respondents said healthcare is an extremely or very important employee benefit. Eighty-three percent say flexible work and leave time are extremely or very important.

Employee benefits can also help improve employee productivity and engagement. A study by the International Foundation of Employee Benefit Plans found that employers with high levels of productivity and engagement offer benefits such as paid leave, healthcare, retirement, flexible hours and wellness benefits.

Finally, employee benefits can help improve employee retention. A study by the Society for Human Resource Management found that 60% of employees said employee benefits were extremely or very important when considering whether to stay with their current employer.

TYPES of EMPLOYEE BENEFITS

There are four main types of employee benefits:

1. Health and wellness benefits
2. Financial and retirement benefits

3. Time-off and leave benefits

4. Work-life balance benefits

Health and wellness benefits include health insurance, dental insurance, vision insurance, prescription drug coverage, employee assistance programs and wellness programs. Financial and retirement benefits include 401(k) plans, pension plans, employee stock ownership plans, profit-sharing plans and financial planning assistance. Time-off and leave benefits include vacation days, sick days, paid holidays, parental leave and extended leave. Work-life balance benefits include flexible work arrangements, telecommuting, child care assistance and eldercare assistance.

There are some benefits that are required by law, such as workers' compensation, unemployment insurance and Social Security. The Affordable Care Act (ACA) also requires employers with 50 or more full-time equivalent employees to offer health insurance to their employees or pay a penalty. Employers should consult with an attorney or HR professional to ensure they are complying with all applicable laws.

Pension and Retirement Plans



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Pension and retirement plans are employee benefits that help employees save for retirement. There are two types of retirement plans: defined benefit and defined contribution.

Defined benefit plans provide a source of income for retirees that is typically based on their years of service and salary history. This income is paid out in regular monthly payments. Defined contribution plans, on the other hand, allow employees to contribute a set amount of money to their retirement account each month. The employer may also make contributions to the employee's account.

There are several different types of retirement plans, including 401(k) plans, 403(b) plans, 457 plans and pension plans. Each type of plan has different rules and regulations regarding employee eligibility, employee contributions and employer contributions.

401(k) Plans

401(k) plans are the most common type of retirement plan offered by employers. Under a 401(k) plan, employees can contribute a percentage of their salary to their retirement account each month. Employers may also make matching or discretionary contributions to employee accounts.

403(b) Plans

403(b) plans are similar to 401(k) plans, but they are available to employees of public schools and certain nonprofit organizations. Under a 403(b) plan, employees can contribute a percentage of their salary to their retirement account each month. Employers may also make matching or discretionary contributions to employee accounts.

457 Plans

457 plans are available to state and local government employees and employees of certain charitable organizations. Under a 457 plan, employees can contribute a percentage of their salary to their retirement account each month. Employers may also make matching or discretionary contributions to

employee accounts.

Pension

Pension plans are defined benefit plans that provide a monthly income to retirees, usually based on their years of service and salary history. Pension plans are regulated by the Employee Retirement Income Security Act (ERISA).

Healthcare and Dental Benefits



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An employee benefit that helps pay for medical expenses is health insurance. Health insurance plans vary in terms of the services covered, the deductibles and copayments required and the premiums charged. Health insurance plans can be offered by employers, health insurance companies or the government.

There are several different types of health insurance plans, including PPOs, HMOs and HDHPs. PPOs allow employees to see any doctor or specialist without a referral. HMOs require employees to select a primary care physician who will coordinate their care. HDHPs have high deductibles but lower premiums.

An employee benefit that helps pay for dental care expenses is dental insurance. Dental insurance usually pays for preventive measures, such as teeth cleanings and X-rays, as well as common procedures such as fillings or a tooth removal. Some dental insurance plans also cover major procedures, such as crowns and bridges.

Employers can offer health insurance and dental insurance as part of a group health plan. A group health plan is an employee benefit plan that is sponsored by an employer and provides health and/or dental coverage to employees and their dependents.

Transgender Healthcare

Transgender-inclusive health benefits are employee benefits that cover medically necessary care for transgender employees. Depending on the provider, this type of coverage may include hormone therapy, mental healthcare and surgical procedures.

Healthcare discrimination on the basis of race, color, national origin, sex, disability and age is prohibited by the ACA. However, at the time of publication, the ACA's application to transgender individuals has been challenged in several pending court cases. The outcomes of those cases may affect whether employers are required to offer transgender-related healthcare as part of their employee health insurance plans.

Considering how rapidly this space is changing, we recommend discussing these options with your benefits provider to ensure your healthcare coverage is compliant with current regulations.

Telemedicine/Telehealth

Telemedicine, also known as telehealth, is the use of electronic communications to provide medical care from a distance. Telemedicine can be used for a variety of purposes, including diagnosing and treating patients, providing consultation to other healthcare providers and delivering distant learning opportunities. Telemedicine services are typically provided via video conferencing, but can also be delivered by phone, email or text message.

There are many potential benefits of telemedicine, including increased access to care, improved patient outcomes and lower healthcare costs. Telemedicine can also benefit employers by reducing employee absenteeism and increasing productivity.

Although telemedicine is not a new concept, the COVID-19 pandemic has spurred a significant increase in the use of telemedicine services. This is due in part to the fact that telemedicine can help reduce the spread of infectious diseases, such as COVID-19.

Fertility Benefits

Fertility benefits are employee benefits that help cover the costs of fertility treatments, such as in vitro fertilization (IVF). IVF is a process by which eggs are harvested from a woman's ovaries and fertilized with sperm in a laboratory. The resulting embryos are then implanted in the woman's uterus. Fertility benefits may also cover the costs of freezing eggs or sperm. This can be useful for employees who want to preserve their fertility for future use.

Prescription Drugs

Prescription drugs are medications that are prescribed by a doctor to treat a medical condition. Prescription drugs can be obtained from a pharmacy with a valid prescription. Employers often provide prescription drug coverage as part of a group health plan. This type of coverage typically pays for a portion of the cost of prescription drugs, with the employee paying the remainder.

Mental Health

Benefits that help cover the costs of mental healthcare are called mental health benefits. Mental healthcare includes counseling, treatment for mental illness and substance abuse treatment. Mental health benefits may be provided as part of a group health plan or as a separate employee benefit.

Employers are increasingly recognizing the importance of mental healthcare and are offering mental health benefits to their employees. This is due in part to the fact that mental health problems can have a significant impact on employee productivity and well-being.

Employee Assistance Programs



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An employee assistance program (EAP) is a type of benefit that gives confidential counseling and support services to workers who are having personal or work-related difficulties. Employee assistance programs can provide employees with support for a range of issues, such as stress, anxiety, depression, substance abuse, financial troubles and relationship problems.

EAPs are typically provided by employee assistance professionals, who are trained to provide confidential counseling and support. EAPs can be accessed by employees through a variety of methods, including face-to-face meetings, telephone hotline numbers and online resources.

EAPs can be beneficial for both employees and employers. Employees can get the help they need to

resolve personal or work-related problems, which can improve their productivity and well-being. Employers can also benefit from lower employee turnover and absenteeism rates.

Paid Time Off

Paid time off (PTO) is leave that is provided to employees at no cost to the employee. PTO can be used for vacation, sick days, personal days or other purposes. Employers may offer PTO as a benefit to attract and retain employees. PTO can also help employees manage their work-life balance.

The federal Family and Medical Leave Act (FMLA) allows employees to take up to 12 weeks of unpaid time off for specified family and medical reasons. It applies to employers with 50 or more employees for at least 20 weeks in the current or preceding year. Many states also have laws requiring employers to provide certain types of paid leave, such as sick leave or family leave.

Employers typically offer PTO as part of a comprehensive employee benefits package. PTO is often one of the most popular employee benefits.

Child and Dependent Care Benefits

Employee benefits sometimes help cover the costs of child and dependent care. Child and dependent care benefits may be provided as part of a group health plan or as a separate employee benefit.

These benefits can help employees with the costs of daycare, babysitters and other child care expenses.

Employers often offer child and dependent care benefits to attract and retain employees. Child care benefits can also help employees with young children manage their work-life balance. Some employers even offer on-site child care facilities.

Life Insurance

Life insurance is a type of insurance that provides financial assistance to the beneficiaries of an employee who dies. Life insurance benefits may cover the cost of funeral expenses, debts and other final expenses.

To qualify for life insurance, employees must be enrolled in their employer's life insurance plan.

Life insurance benefits are typically paid to the employee's beneficiaries upon their death.

Disability Insurance

Disability insurance is a type of insurance that provides financial assistance to employees who are unable to work because of a serious injury or illness. Disability insurance pays workers a percentage of their paychecks, helping them remain financially stable until they can return to their jobs.

To qualify for disability insurance, employees must be unable to work due to an injury or illness.

Short-term disability insurance benefits are typically paid for up to 26 weeks. Five states and one territory require short-term disability insurance by law. These are California, Hawaii, New Jersey, New York, Rhode Island and Puerto Rico.

Legally Mandated Benefits



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Legally mandated benefits are employee benefits that are required by federal, state or local laws. These benefits can include minimum wage, overtime pay, unemployment insurance, FMLA, COBRA and workers' compensation.

Employers must provide legally mandated benefits to all eligible employees. Failure to do so can result in significant penalties. While most employers are compliant with the law, some employers do attempt to skirt the law by mis-classifying employees or failing to provide required benefits.

Employees who believe they are not receiving all of their required benefits have the option of submitting a complaint to the Department of Labor or their state labor department.

Minimum Wage

The lowest hourly wage that a business may pay its workers is the federal minimum wage. The current federal minimum wage is \$7.25 per hour. While the federal government has established a minimum wage, some states have chosen to set their own wages, which could be more or less than the nationally determined amount.

Employers must pay all employees at least the federal or state minimum wage, whichever is higher.

Employees who are paid less than the minimum wage may be entitled to back pay and other damages.

Overtime

Overtime pay is compensation that is paid to employees for working more than 40 hours in a workweek. The federal overtime pay rate is time and a half, which means employees must be paid one and a half times their regular hourly rate for any overtime hours worked. Some states have their own overtime pay laws, which may be higher or lower than the federal overtime pay rate.

Employers must pay all employees at least the federal or state overtime pay rate, whichever is higher. Employees who are paid less than the overtime pay rate may be entitled to back pay and other damages.

Unemployment Insurance

Unemployment insurance is a government-provided assistance that aids individuals who have lost their employment owing to circumstances beyond their control. Unemployment insurance helps workers who are out of work cover their basic expenses while they search for new employment.

Workers must be unemployed through no fault of their own in order to receive unemployment. Workers who are unemployed and meet the requirements will receive a weekly payment that is determined by their previous earnings. The amount of time a worker can receive unemployment insurance payments varies by state.

FMLA

The Family and Medical Leave Act (FMLA) is a federal law that gives employees job-protected, unpaid leave per year for certain family and medical reasons. Employees can take FMLA leave for 12 consecutive weeks, or on an intermittent basis, provided they don't exceed 12 weeks in a 12-month period. Not all employees are eligible, however. Employees must have worked for their employer for at least 12 months and have worked at least 1,250 hours in the previous year to be eligible for FMLA leave. The FMLA applies to employers with 50 or more employees for at least 20 weeks in the current or preceding year.

COBRA

Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law that allows employees to continue their group health insurance coverage after they leave their job or otherwise lose their employer-sponsored health coverage. COBRA applies to employers with 20 or more employees. COBRA continuation coverage is typically available for up to 18 months. COBRA beneficiaries are responsible for paying the full premium, plus a 2% administrative fee.

Workers' Compensation

Workers' compensation is a state-mandated benefit that provides financial assistance to workers who get hurt at work. Workers' compensation benefits may cover the cost of medical bills, lost wages and death benefits. To qualify for workers' compensation, employees must be hurt on the job.

Fringe Benefits and Perks



Image: [Fringe Benefits](#). by [Epic Top 10 Site](#)

Fringe benefits, also known as employee benefits or perks, are extra compensation that employers may provide to their employees. Fringe benefits can include child care, company holidays, at-work perks and educational assistance.

While fringe benefits are not required by law, they may be offered to attract and retain employees. Some fringe benefits may be tax-deductible for employers.

Parental Leave

Parental leave is an employee benefit that provides paid or unpaid time off for new parents.

Parental leave can be used for bonding with a new child, caring for a sick child or dealing with a pregnancy-related health condition. Some types of parental leave are required by law (such as when FMLA applies), while other types are optional.

Parental leave can be paid or unpaid. Paid parental leave may be offered by employers, employee assistance programs or government agencies. Unpaid parental leave is generally only available to employees who meet certain eligibility requirements, such as having worked for their employer for a certain period of time.

Commuter Benefits

Commuter benefits are employee benefits that help cover the costs of commuting to and from work.

They can help employees save money on their commute, which can be a significant expense for many workers. Commuter benefits can also help reduce traffic congestion and pollution. Employers often offer commuter benefits to attract and retain employees. Commuter benefits can also help employers meet their corporate sustainability goals.

Flexible Hours and Telecommuting/Remote Work

Flexible hours and telecommuting are employee benefits that allow employees to have a more flexible work schedule. Flexible hours may involve working fewer hours overall or working different hours on different days. Telecommuting allows employees to work from home, either all or part of the time.

Flexible hours and telecommuting can be beneficial for employees who have children or other obligations outside of work. These employee benefits can also help reduce traffic and save employers money on office space.

Employers may offer flexible hours and telecommuting as employee benefits to attract and retain employees. Some employers may require employees to work a certain number of hours per week or to be available during specific hours.

Relocation Assistance

Relocation assistance is an employee benefit that helps cover the cost of moving to a new location for a job. Relocation assistance may cover the cost of moving expenses, such as transportation and storage fees.

Some employers may also offer a per diem allowance to help with temporary living expenses.

Employers may offer relocation assistance to attract and retain employees. Relocation assistance may be offered as a lump sum or as a reimbursement for actual expenses incurred.

Sabbatical

A sabbatical is an employee benefit that allows employees to take a paid or unpaid leave of absence for a period of time. Sabbaticals may be used for personal or professional development, such as studying for a degree, writing a book or taking care of personal business.

Sabbaticals are typically offered to employees who have worked for their employer for a certain period of time. Employers may offer sabbaticals as a way to retain employees.

Unlimited Time Off

Unlimited time off is an employee benefit that allows employees to take as much time off as they want, without having to request or receive approval from their employer. Unlimited time off may be used for vacation, personal business or anything else the employee wants.

Employers may offer unlimited time off as a way to attract and retain employees. Some employers may require employees to work a certain number of hours per week or to be available during specific hours.

Employee Discounts

Employee discounts are employee benefits that allow employees to receive discounts on products or services. Employee discounts may be offered by the employer or by companies that have agreements with the employer.

Employee discounts can be used for personal or business purposes. Employee discounts may be offered on products, services, travel or entertainment.

Unpaid Leave

Unpaid leave is an employee benefit that allows employees to take a leave of absence from work without pay. Unpaid leave may be used for personal or medical reasons.

Employees may be eligible for unpaid leave if they have worked for their employer for a certain period of time. Employers may offer unpaid leave as a way to retain employees.

At-Work Perks

At-work perks are employee benefits that are available to employees while they are working, made popular by tech giants such as Google, and by startups looking to attract a new generation. At-work perks may include things such as free or discounted meals, on-site child care, nap rooms, pets at work, coffee service, unlimited snacks, no dress code, transportation assistance or gym memberships.

Employers may offer at-work perks as a way to attract and retain employees. At-work perks can improve employee morale and productivity.

Educational Assistance or Reimbursement

Educational assistance or reimbursement is an employee benefit that helps employees pay for education-related expenses. Educational assistance may cover the cost of tuition, books, supplies or other education-related expenses. Some employers may also offer a per diem allowance to help with temporary living expenses.

Employers may offer educational assistance or reimbursement to attract and retain employees.

Educational assistance may be offered as a lump sum or as a reimbursement for actual expenses incurred.

Best Practices for Your Employee Benefits Package



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When designing your employee benefits package, there are a few things to keep in mind:

- Make sure the benefits you offer are ones that your employees will actually use and appreciate.
- There's no point in offering a benefit that no one will take advantage of.
- Consider the needs of your employee base. Offering benefits that meet the needs of your employees will make them more likely to use them.
- Make sure the benefits you offer are affordable for your business. Offering too many expensive benefits can strain your budget and make it difficult to offer other perks or salary increases.
- Be sure to communicate the details of your employee benefits package to your employees. They should know what benefits are available to them and how to take advantage of them.
- Know the law. Make sure you're offering all benefits that are legally required in your state for the size of business you operate.

Bottom Line

Employee benefits are a key part of any compensation package. By offering employee benefits, employers can attract and retain talented employees. There are many different types of employee benefits, so employers should consider the needs of their employees when designing a benefits

package, as well as the affordability of the benefits. Employers should also be sure to communicate the details of their employee benefits package to their employees. And because there are certain benefits required by law, employers should consult with an employee benefits attorney to ensure they are in compliance.

Source: [Employee Benefits In 2024: The Ultimate Guide](#) Forbes, May 1, 2024

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