

Benefits, compensation helps attract and retain employees

By Tara Marion

As the result of a tight labor market, today's employers have realized the growing importance of benefits and employee compensation packages. "If you're going to hire and keep the best employees possible, usually cash compensation by itself is not enough to do the trick," said Gary Kushner, president of Kushner & Co., 141 E. Michigan Ave.

"Cash compensation" is just what the name implies: an hourly rate of pay or salary. It may also include commission in sales or a bonus plan. With a hiring bonus, for example, an employer pays an employee a sign-on bonus in addition to his or her regular salary. With a stay bonus, on the other hand, an employer pays an employee to stay if he or she is being wooed away by another company.

Any advantages employees receive beyond cash compensation are considered "benefits." Medical, dental and life insurance policies are somewhat standard benefits. Other common benefits that are available to employees include 401(k)s, short-term disability, long-term disability, flexible spending-account plans and employee-assistance programs. (Employee-assistance programs allow employees to receive confidential counseling if a personal or family issue is affecting their ability to work. Such counseling programs could cover anything from domestic and/or substance abuse to financial planning, and they are not just for employees but their families as well.

The primary difference between "cash compensation" and "benefits" is cost. As Kushner explained, "Benefits generally provide a tax-preferred way of offering a total-compensation package." For both the employer and the employee, what this means is fewer tax deductions: income tax and payroll taxes for the employee and payroll taxes for the employer. These include worker's compensation, unemployment and Medicare.

While any tax break is a bonus, what employees are looking for in benefits are ones that will enhance their lifestyles. "They're looking for creative benefit plans that might help them manage the load between their work life and their family life," said Carol Shupe, member of the Kalamazoo Human Resource Management Association and human resources manager at Ship-Pac Inc., 3000 Covington.

With work/life benefits, for example, employers find ways for their employees to save time or money in ways that may or may not be related to their jobs. Casual business attire or even "Casual Friday" is an example of this type of money-saving work/life benefit. It doesn't cost the employer anything, but employees save money by not having to buy yet another expensive business suit.

Other examples of time-saving work/life benefits are flexible work schedules and paid-time-off banks. In the latter situation, employers do not distinguish between sick leave and vacation days: rather it is all pooled together into a paid time-off "bank," and employees manage how they want to use their paid time-off days. Telecommuting, which means working on a regular basis from home or a location other than the main office, is another example of a work/life benefit.

Yet another benefit that helps employees manage the load between their work life and family life is day care, also known as "dependent care," Kushner said. "We often used to think of this as child care, but more and more we're beginning to see elder care as a benefit. With all these baby boomers out there, not only is Junior living t home, but Mom or Dad come to live with them too."

If you don't have children or elderly parents, some employers offer "cafeteria-type" benefit packages where employees choose their coverage," said Shupe.

Kushner said that in the last decade this approach has begun to replace the “one-size-fits-all” benefit packages, which were designed for the ‘Father Knows Best,’ ‘Leave it to Beaver’ era employee: Dad works, and mom stays home with the 2.3 kids.”

That traditional demographic represents only approximately 9 percent of the current American workforce. Therefore, the flexibility of today’s total compensation packages are becoming increasingly popular with employees.

“As there are fewer employees to fill the jobs that there are, there’s more competition for these employees, so we need to make sure that we’re offering very competitive wages and benefits,” concluded Shupe.