Understanding the Importance of Benefits PRIOR to negotiations
Understanding Total Compensation

- Total Compensation = Direct + Indirect
- Direct: Base Salary, Bonuses
- Indirect: Benefits, on-site amenities
- Recent data shows that employee benefits typically cost 29-38% OR MORE than the base salary
BREAKING DOWN COMPENSATION COSTS
Among Private Industry Employers

Wages and salaries 69.7%
Health insurance 7.5%
Social Security and Medicare 5.8%
Vacation 3.6%
Retirement and savings 3.9%
Nonproduction bonuses 2.8%
Holidays 2.1%
Workers’ compensation 1.4%
Sick leave 0.9%
Overtime and premium 0.8%
State unemployment insurance 0.5%
Personal time 0.4%
Shift differentials 0.2%
Short-term disability 0.2%
Long-term disability 0.1%
Life insurance 0.1%
Federal unemployment insurance 0.1%

Insurance

• This is the most important and costly benefit.

• The total average cost for insurance benefits, including health, life, and disability insurance comes to $5,698 annually per employee.

• Many companies are moving to high deductible plans and this can have a major impact on how much you have to pay for health care.
## Health Insurance: Key Terms and Concepts

<table>
<thead>
<tr>
<th>POS/Open Access</th>
<th>PPO</th>
<th>HMO</th>
<th>HDHP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Point of Service, allows patients to choose between in-network and out-of-network care</td>
<td>Preferred Provider Organization, subscription based medical care, usually offer more flexibility by allowing for visits out-of-network, referrals may require pre-authorization</td>
<td>Health Maintenance Organization, typically less than PPO and POS plans, you can only visit professionals within this network and you designate a primary physician for all referrals</td>
<td>High Deductible Health Plan, typically the least expensive plan. You pay the full negotiated cost for medical services and prescription drugs until you meet your annual deductible (often except for preventative care).</td>
</tr>
</tbody>
</table>
### Key Terms and Concepts Continued

<table>
<thead>
<tr>
<th><strong>Deductible:</strong></th>
<th><strong>In-Network:</strong></th>
<th><strong>Out-of-network:</strong></th>
<th><strong>Out of Pocket Limit:</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The amount you must pay out-of-pocket before your insurance coverage begins.</td>
<td>Considered a preapproved provider by your insurance company.</td>
<td>Not preapproved and may not be covered by your insurance plan, may require a referral, depends on your coverage.</td>
<td>The maximum amount you will be accountable to pay out-of-pocket.</td>
</tr>
</tbody>
</table>
Health Insurance: Key Terms and Concepts

**HSA**: Health Savings Account, pairs a high-deductible health plan with a tax-free savings account for medical expenses; contributions are tax-free, savings are owned by employee and moves with employee from employer to employer.
What is typically in a Benefits Package?

**Insurances**

- Medical
- Dental
- Vision/Eye Care
- Life
- Accidental Death and Dismemberment Insurance (AD&D)
- Disability (short and/or long term)
- Business/International Travel
- Long term care (becoming more common)

**Other**

- Annual Leave: vacation, sick/personal days, holidays, PTO
- Retirement Plans: 401(k), pension, 403b
- Flexible spending account (FSA)
- Employee assistance programs (EAP)
- Professional development
- Additional Compensation: Profit Sharing, Stock Options, ESOPs
- Reimbursements: Tuition, Public Transportation, Parking, Cell Phone, Fitness/Health Clubs
Flexibility in benefits is the critical element to achieve fairness... This flexibility is much more likely to surface in areas related to work exchange, flexible working hours, location, extra vacation time and child care needs versus traditional areas of regulated benefits, like health or retirement planning. We've seen an acceleration of this in the past year with COVID-19.

Source: Roy Mauer, Feb. 24, 2021 “Most Employers Open to Negotiating Salary, Not Benefits” SHRM.
What *may* be negotiable?

- Salary
- Start date
- 6 month review and defined salary increase
- Public Transportation or Parking Reimbursement
- Professional Development
- Monthly cell phone costs
- Pre-paid legal Assistance
- Fitness Center

- Childcare
- Student Loan Repayment
- Flexible work schedules
- Additional/specific equipment – ex. Computer, standing desk
- Flextime/telecommuting
- Profit sharing
- Additional vacation or Vacation prior to “eligible” time
- International travel insurance
Bottom Line

Prior to accepting any offer, ask to see the company’s full benefit guide to get detailed information

• This outlines YOUR costs for insurance *(This can vary greatly and may include a large cash sum for you to buy your own)*

• It outlines PTO and vacation policies *(Policies can vary and unlimited PTO may not be as beneficial as you think)*

• It outlines your total 401K/403B match contribution and vesting timeline & if there is a pension *(This can vary greatly in amount and time for vesting)*

• It describes any additional benefits
The following pages shows how to read and understand different benefit packages and what it means TO YOU and what to consider
Note This is the cost of two different plans of insurance. The HMO costs at least $93.72-120.80 a month, but there is no deductible, but there are co-pays for all doctor visits (except for preventative care). So, for no care, or just preventative care, base insurance cost for YOU is $1,124.64 a year.

The HSA costs $0-27.08 a month, but there is a $1,500 deductible before any care is paid (except for preventative care). So, for no care, or just preventative care, base insurance cost for you is $0

**QUESTION TO CONSIDER—HOW much health care might you need? THAT determines cost and which plan to choose and costs for health plan. See the next to understand these costs BETWEEN organizations.**
Note there are not options between different plans here, but you have a choice of going to specific doctors within a “network” (this is like an HMO), or other doctors.

The total cost for this plan is $420-1,320 per year BUT, there is a deductible before care is provided (except preventative care). For other care, there is a $1,200-2,500 deductible, regardless and then the costs of co pays or deductible.
Further Compare other Benefits from Two Organizations:

- **Retirement**—3.5 percent of salary (after you contribute that amount)
- **Holidays**—9 days
- **Vacation/Sick**—18 days (TOTAL)

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**403(b) Retirement Plan—Voya Financial**

The retirement plan features a 3.5% employer match after one year. You may choose pre-tax or post-tax ( Roth) retirement savings plans. Financial Wellness and Retirement on demand and live sessions are available at Voya.com/VoyaLearn.

**2021 Paid Holidays:**
- New Year's Day—Monday, January 1
- Martin Luther King Jr. Day—Monday, January 18
- President's Day—Monday, February 15
- Memorial Day—Monday, May 31
- Independence Day—Monday, July 5
- Labor Day—Monday, September 6
- Thanksgiving—Thursday, November 25 and Friday, November 26
- Christmas—Monday, December 26
- New Year's Day—Monday, January 1

**Paid Time Off:**

Excellent PTO leave. PTO can be used for any reason an employee wants time off, such as: vacation, birthdays, feeling under the weather/in need of sick leave, volunteering, religious observance or holiday, personal business travel, wellness day, or any other personal reason.

<table>
<thead>
<tr>
<th>Accrual Rates for Full-Time Employees</th>
<th>Accrual Per Pay Period</th>
<th>Accrual Per Month</th>
<th>Days Per Year</th>
<th>Maximum Accrual</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 to 12 months</td>
<td>5.538</td>
<td>10 hours</td>
<td>18 days</td>
<td>169 hours</td>
</tr>
<tr>
<td>13 to 26 months</td>
<td>6.461</td>
<td>14 hours</td>
<td>21 days</td>
<td>210 hours</td>
</tr>
<tr>
<td>27 to 60 months</td>
<td>7.385</td>
<td>18 hours</td>
<td>26 days</td>
<td>249 hours</td>
</tr>
<tr>
<td>Over 60 months</td>
<td>8.309</td>
<td>18 hours</td>
<td>27 days</td>
<td>279 hours</td>
</tr>
</tbody>
</table>

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**Retirement Savings Plan**

The University offers a retirement plan under section 403(b) through TIAA to enable employees to invest in their retirement via automatic payroll contributions. Contributions are made on a pre-or post-tax basis. The university will match employee’s 4% contribution with a 4% match after the completion of one year of service. Employees may waive the one year of service if the employee has met this requirement at another qualified educational institution. Employees are 100% vested immediately.

**Paid Holidays**

The University observes the following holidays, which are paid holidays.

- New Year’s Day
- Martin Luther King Jr. Day
- Memorial Day
- Juneteenth (June 19)
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Holiday (the Friday after Thanksgiving Day)
- Winter Break (December 25 – 31)

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**Vacation Leave**

Full-time non-faculty employees accrue vacation time based on the employee’s work schedule and length of employment. Full-time employees accrue 1.25 days per month up to a maximum of 15 days. After completing seven years of service at the University, employees accrue 2 days per month up to a maximum of 22 days. Accrual rates are prorated by FTE for employees who work less than full-time.

**Sick Leave**

Full-time non-faculty employees accrue 1 day of sick leave per month up to a maximum of 130 days. Accrual rates are prorated by FTE for employees who work less than full-time.

- **Retirement**—4 percent of salary (after you contribute that amount)
- **Holidays**—13 days
- **Vacation**—15
- **Sick**—12 days per year
Things to Remember

**Insurance**
Costs of insurance can make a big difference in how much is costs you out of pocket (look at deductibles)

**Retirement**
There is often a difference with retirement contributions—and you need to plan to contribute as soon as you can—look at how long it takes “vest”

**Time off**
Look at how many holidays, vacation & sick days as this can make a difference

**Schedule & Evaluations**
Look at the work week—what are the standard hours? When are evaluations and raises given (this is sometimes negotiable, and the start date may impact when you can qualify for an evaluation)

**Education**
Are there other benefits that are of values? (ie: Tuition, organization membership, professional development, loan repayment)

**IMPORTANT:**
ALWAYS ASK FOR THE FULL BENEFITS GUIDE TO ASSESS THE BENEFITS PRIOR TO ACCEPTING A JOB—there are also other benefits defined here that may be of importance to you

Understanding benefits helps you understand the total offer and can inform your final negotiations
Where to go from Here?

- Fully review the benefits guide from the employer
- Check Glassdoor.com to try to get more information from reviews
- For Korbel Graduate students, OCPD Advisors can help you sort through your offer & discuss negotiations
  - Make an appointment with an OCPD Advisor on PCO
  - If no appointments available in time, contact korbelcareers@du.edu to see if we can get you in sooner