

Benefits

– *What are they and why do I need them?*

Benefits are important at any stage of your career:

- *You are young.* You may not think you need health care services and other protections right now, but you will at some point in your life. If you don't have access to company-provided coverage, you will have to purchase it privately – perhaps at a much higher price.
- *You want the best deal.* Benefits are being increasingly used by employers as an incentive for employee recruitment and retention. Therefore, knowing the standard benefits offered by companies in your field can give you a competitive edge during negotiations.
- *You are in transition.* Your next job may not cover the services you have been getting from your old employer. Knowing the implications of your choices can help you better plan your future.

Below are common types of benefits that may be offered by employers:

Medical Benefits

Medical benefits cover the costs of surgeon and physician fees, hospital rooms, and pharmaceuticals. Dental and optical care is not included, but might be offered as part of an overall benefits package. Coverage can be extended to the employee's family (dependents). Part-time workers are rarely offered family coverage.



Retirement Benefits

Retire benefits are funds set aside to provide people with an income or pension when they end their careers.

Retirement plans fit into two general categories: defined benefit and defined contribution. In defined benefit plans, sometimes called pension plans, the benefit amount is pre-determined typically on the basis of salary and years of service. In these plans the employer bears the risk of the investment. In defined contribution plans (e.g., 401k) employer or employee contributions are specified, but the benefit amount is usually tied to investment returns, which are not guaranteed.

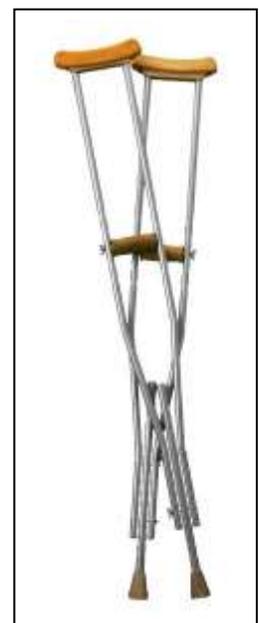


Disability Benefits

Disability benefits assist with income replacement when workers are unable to perform their jobs because of illness or injury. This benefit is not commonly offered. The two main types of disability insurance are short-term and long-term:

Short-term disability insurance begins right away or within a few weeks of an accident, illness or some other disability. For example, someone hurt in a car accident would be offered a few paid weeks to recover.

Long-term disability insurance provides benefits to an employee when a long-term or permanent illness, injury, or disability renders the individual unable to perform her/his job duties. For example, an employee with spinal injuries could be entitled to long-term disability benefits until retirement age.





Life Insurance

Life insurance provides financial support to a beneficiary after an employee's death. Insurance benefits are paid all at once to the designated beneficiaries of the policy – usually relatives such as a spouse or children. This benefit will be very important to your loved ones if the unexpected occurs.

Life insurance can be either privately purchased in the marketplace (usually for a large sum) or received through an employer at a much lower cost if your employer sponsors a group plan. Company-sponsored life insurance plans are standard for almost all full-time workers in medium and large firms across the country.

Paid Time Off

Paid Time Off (also referred to as PTO) is earned by employees while they work. The three common types of paid time off are holidays, sick leave, and vacation leave.

In the majority of cases paid leave is allocated by separate classifications such as vacation, sick leave, and paid holidays. In a few cases employers offer Consolidated PTO, which combines sick leave and vacation into one account for the employee to use as needed.



Fringe Benefits

Fringe benefits include a wide variety of non-cash payments, such as tuition assistance, flexible medical or child care spending accounts (pre-tax accounts to pay qualified expenses), other child care benefits, and non-production bonuses (bonuses not tied to performance). Direct cash payments or stock options are sometimes available for certain positions.



With the looming prospect of skill shortages in some occupations, fringe benefits are increasingly being used to attract and retain talented employees.

Tuition reimbursement is an especially important benefit if you plan to pursue a degree in your evening or weekend hours. It can represent a unique opportunity to advance in your career. Most firms offering it, however, require that courses relate to job duties.



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