Understanding Job Benefits

Paid Time Off

Did you know?
The Fair Labor Standards Act (FLSA) does not require payment for time not worked, such as vacations, sick leave or federal or other holidays. These benefits are matters of agreement between an employer and an employee (or the employee's representative).

- A paid time-off policy (PTO) is a combination of days off that an employee can take while still getting paid.
- While the government doesn't enforce a requirement for PTO, each state has its own restrictions and requirements for PTO policies.
- A PTO policy should include paid and unpaid leave options, accrual and rollover details, PTO request procedures, and consequences for violation.

PTO is an employee benefit where the employer pays the employee for an allotted number of days off of work each year. The employer may decide to offer its employees a variety of different paid time-off options as well as set guidelines on who is eligible for this benefit, how many days are allotted and more. For further information, check out, Jennifer Post's *Prevent Employee Absenteeism Issues With a Smart Time-Off Policy* on the Business News Daily **(scan QR code for the article!)**

While the article is meant for business owners and HR managers seeking to create and/or improve their company's PTO policies, Post provides in depth information on paid time off that you should ask before accepting a job offer or early on in your job. For example, depending on the state that you live in, the company you work for may be required to issue a ***payment upon termination*** which is when an employer is required "to pay an employee their accrued and unused vacation time if they are terminated".

Types of Paid Time Off Options

- Federal Holidays
- Vacation Days
- Sick Leave
- Parental Leave
- Bereavement Leave
- Jury Duty
- Military Leave

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Medical Plans

Health Insurance

- **Health Care Cost –** The insurance plan cost (also known as ***premium***) can be paid off in monthly payments throughout the year. If you enroll in a plan offered through your job, the monthly amount will be taken out of your paycheck and applied toward your plan. This doesn't include any additional costs (ex. copay, deductibles, etc.) you accrue when using your plan.
- **Network Types –** A type of plan that limits who to seek care from. Some networks will allow you to meet with almost any provider. Most employers offer network type insurance health insurance plans.
    - **Exclusive Provider Organization (EPO) –** Cost is covered ONLY IF you use a provider in their network ***unless*** it's an emergency.
    - **Health Maintenance Organization (HMO) –** May limit coverage to providers that contract with them and may require one to live or work in its service area.
    - **Point of Service (POS) –** You pay less if you use a provider in their network. Typically, requires you to get a referral from your primary care doctor to see a specialist.
    - **Preferred Provider Organization (PPO) –** You pay less if you use a provider in their network. You can use a provider outside their network for an additional cost.
- **Health Insurance Marketplace –** Managed by the U.S. Department of Health and Human Services, the "marketplace" offers health insurance plans to anyone who chooses to purchase one on their own. Some plans offered through the marketplace include plan categories which determines how you and your insurance plan will split the costs. The table below provides a brief description of each plan category.

Plan Category:	How Cost is Split:	Good Choice If:
Bronze Plan	Lowest monthly premium / Highest out-of-pocket costs	You want a low-cost way to protect yourself from worst-case medical scenarios, like serious sickness or injury. Your monthly premium will be low, but you'll have to pay for most routine care yourself.
Silver Plan	Moderate monthly premium / Moderate out-of-pocket costs	You qualify for "extra savings" — or, if not, if you're willing to pay a slightly higher monthly premium than Bronze to have more of your routine care covered.
Gold Plan	High monthly premium / Lowest out-of-pocket costs	You're willing to pay more each month to have more costs covered when you get medical treatment. If you use a lot of care, a Gold plan could be a good value.
Platinum Plan	Highest monthly premium / Lowest out-of-pocket costs	You usually use a lot of care and are willing to pay a high monthly premium, knowing nearly all other costs will be covered.

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Health Savings Account

A type of savings account that lets you set aside money on a pre-tax basis to pay for qualified medical expenses. By using untaxed dollars in a Health Savings Account (HSA) to pay for deductibles, copayments, coinsurance, and some other expenses, you may be able to lower your overall health care costs. ***HSA funds generally may not be used to pay premiums.***

While you can use the funds in an HSA at any time to pay for qualified medical expenses, you may contribute to an HSA only if you have a High Deductible Health Plan (HDHP) — generally a health plan (including a Marketplace plan) that only covers preventive services before the deductible. To learn more about HDHPs and HSAs check out, the Marketplace's article on *High Deductible Health Plans (HDHPs) & Health Savings Accounts (HSAs)* **(scan the QR code for the article!)**.

Dental Insurance

Did you know?
Dental coverage isn't an essential health benefit for adults in the U.S. It is only essential for children 18 years old or younger.

Dental Plans are typically offered in three ways:

- As part of an employer-sponsored health plan.
- As part of a health plan, you purchase on your own.
- As a stand-alone dental plan or "rider".

Like other types of health coverage, dental plan benefits vary by plan and insurance company. For more detail on coverage, always check the plan benefits documents for the plan you're considering. Please note that certain dental equipment or services may be covered, but at different levels of coverage. Typically, preventive care, such as cleanings, is covered fully, while other procedures, such as fillings or emergency oral surgery, may have higher out-of-pocket costs. You may be responsible for paying a deductible before coverage will kick in for these types of procedures. This is usually waived for preventive care. For more information check out, Davalon's *How Does Dental Insurance Work?* on eHealth **(scan the QR code for the article!)**.

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Medical Plans

Vision Insurance

Vision Plans are considered discount plans or wellness benefit plans that will provide specific benefits and discounts for an annual premium. It is a good investment for those who require glasses or contacts, or may need them in the future. Unlike major medical insurance plans, you may sign up for vision insurance at any time throughout the year unless you plan to enroll into the vision insurance plan offered through your job which may have an enrollment deadline set. Read more through the *What is Vision Insurance and What Does it Cover?* Article by Anna Porreta on eHealth **(scan the QR code for the article!).**

Vision Insurance Plans generally cover:

- Routine preventative eye care (eye exams)
- Prescription eyewear
- Sometimes elective vision correction surgery (LASIK and PRK)

Insurance

Life Insurance

A contract between you and an insurance company where they will pay the lump sum indicated on the contract to your beneficiaries after your death. This is also known as a ***death benefit***. Consider reading, Forbes' *How Does Life Insurance Work?* by Ashley Kilroy **(scan QR code for the article!)**

Two primary types of life insurance:

- **Term Life Insurance –** Provides protection for a certain period.
- **Permanent Life Insurance –** Provides a lifetime coverage.

Life insurance covers ***all*** causes of death however, an ***exception*** many insurance companies may enforce is death by suicide within the first 2 years of owning the policy.

A life insurance claim may be denied if:

- The insurance company believes there was misrepresentation on the life insurance application.
- The beneficiary killed the insured person, or if the claim is disputed by someone who says the policyholder was coerced into changing the beneficiary.

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Insurance

Disability Insurance

Disability insurance is sometimes called "disability income insurance" because it is designed to replace a portion of your income if you are unable to work because of a serious illness or injury. Disability insurance pays benefits directly to you, so you can cover your expenses with no limitation on how the money can be spent. Policies vary, but disability insurance can protect up to 70% of your income for a period anywhere from 3 months to the time you reach retirement age. Check out, *What's the difference between long term and short term disability insurance?* By The Guardian Life Insurance Company of America **(scan the QR code for the article!)**.

Two Types of Disability Insurance

- **Short-Term Disability –** An income replacement benefit that provides a percentage of pre-disability earnings on a weekly basis when employees are out of work on a disability claim. It typically covers off-the-job accidents and illnesses that workers' compensation would not cover.
- **Long-Term Disability –** Intended to provide benefits for a longer period, and benefit periods for long term disability insurance are usually stated in years: 5, 10, 20 or even until you reach retirement age, depending on your plan.

Retirement

A retirement account is a long-term savings account that individuals can create to save money for the future while enjoying certain tax advantages. There are six types of retirement accounts one may choose from depending on their circumstances and what's most suitable to their needs. For more information check out, Mike Faden's *Exlpaining 6 Key Types of Retirement Plans* on American Express **(scan the QR code for the article!)**.

These retirement plans differ in many ways, but most importantly in the following key aspects:

- **Tax Advantages –** Some plans offer tax benefits when you put money into the plan, others when you withdraw the money.
- **Contribution Limits –** The maximum amount you can save each year.
- **Withdrawal Rules –** When you can withdraw money from the plan without penalty, and applicable penalties for non-compliant withdrawals.

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Retirement

Retirement Account Type Information

Retirement Account:	Description:	Pros & Cons:
401(k): The Standard Employee Retirement Plan	A retirement plan offered by many for-profit companies as an employee benefit. Generally, you can contribute simply by diverting part of your paycheck into the retirement plan.	**Pros:** • An easy option if you're an employee. • Employer matching contributions. • High contribution limits. **Cons:** • Limited investment options. • It may take several years before you fully own your employer's matching contributions.
Traditional IRA: A Retirement Plan for Anyone	Are tax-favored savings plans that are mostly opened and managed by people themselves. Almost anyone with taxable income can contribute to a traditional IRA, so an IRA may be appealing if you don't have access to an employer's 401(k).	**Pros:** • Available to anyone • Many plan and investment choices **Cons:** • Low contribution limits
Roth IRA: A Different Type of Retirement Plan Tax Advantage	With a traditional IRA, you pay no income tax on your contributions, but you pay tax when you take the money out. With a Roth IRA, it's the exact opposite: you pay taxes on the money that you contribute, but you can withdraw money tax-free at retirement—so every dollar in your account goes into your pocket.	**Pros:** • You could pay less tax overall. • You can withdraw retirement savings tax free. • More flexible contribution and withdrawal age limits. **Cons:** • No tax break for contributions. • Income restrictions. • Low contribution limits.

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Retirement Account Type Information

Retirement Account:	Description:	Pros & Cons:
SEP IRA: For Small Business Owners and the Self-Employed	A specialized type of IRA used mainly by self-employed people or small business owners, though technically it can be used by any size company. A big advantage of a SEP IRA is the ability to stash away much bigger retirement savings each year than with a traditional IRA	**Pros:** • High contribution limits. • For employees, immediate vesting can be an advantage. **Cons:** • For employers, immediate employee vesting may be a disadvantage
Simple IRA: A Simpler Small Business Retirement Plan	A simple IRA is another type of employee retirement plan, for small businesses with 100 or fewer employees. If you're an employee and you participate in your employer's Simple IRA, you'll generally receive some contributions from your employer. Simple stands for "Savings Incentive Match Plan for Employees"; employers must either match employee contributions up to 3% of the employee's salary or contribute 2% of an employee's salary regardless of any contribution from the employee.	**Pros:** • Easy to set up. • For employees, contributions are either matched or guaranteed. **Cons:** • Contribution limits are lower than with SEP IRAs or 401(k) plans.
Solo 401(k): For Business Owners with No Employees	Also known as individual or one-participant 401(k) plans, can help maximize retirement savings for self-employed people and business owners that don't have employees. They work a bit like regular 401(k) plans, except that you can boost your savings by contributing as both employer and employee	**Pros:** • You may be able to contribute more than with other individual retirement plans. • Some plans allow either traditional pre-tax or Roth (after tax) contributions. **Cons:** • Limited investment options, like regular 401(k) plans • May be more complicated to set up than IRAs

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