

Employee Benefits

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Q: What benefits must an organization provide to its employees. What additional benefits should be provided? Also, can we substitute cash for employees who don't require benefits?

A: Just as organizations vary, so do their benefits plans. Some organizations provide only the mandated benefits while others provide additional voluntary benefits. Mandatory benefits—which must be provided to both full and part-time employees include Social Security, medicare, unemployment and workers' compensation.

Beyond that, each organization's board of directors is responsible for establishing appropriate policies regarding benefits coverage and eligibility for full-time and part-time employees. Consistency is critical, as voluntary benefits should not be offered on a case-by-case basis. For instance, if an organization covers 80% of an employee's healthcare insurance costs and 30% of his/her child's costs, then the organization must offer the same benefits to all employees in that specific employment category (generally an employment category is defined as the same organizational level). Obviously, it is important to consider the implications of such policies and review them on a regular basis.

As for cash in lieu of voluntary benefits, an organization may choose to implement a policy in which employees are paid a percentage of the actual cost. At each "open enrollment" period, employers usually require proof that the employee is covered elsewhere to limit any liability. Though not common, the practice seems to occur more in nonprofits than in for-profit organizations.

For more information on what the region's nonprofits offer in benefits packages, see the Nonprofit Center's 2005 Wage and Benefits Survey...