Benefits Plan: Sample

Philosophy:

The School in its benefits plan intends to set the standard for the industry by providing generously and appropriately for its employees. The employee benefit package, exclusive of housing (for which there is additional work required) should represent 18-20% of salary (the range in independent schools being typically 16%-22%, inclusive of employer-paid taxes).

Basic Benefits:

Benefits (and percentage of salary) available to all full-time employees (30 hours or more per week) would include:

- **Pension:** TIAA/CREF defined contribution plan, with new employees eligible to participate immediately upon employment and required to participate after two years. Employer (The School, Inc.) contributes 5% of salary with 5% employee match via a salary reduction agreement (i.e., before taxes, with annuity funds accumulating with all taxes deferred until withdrawals are made). The School would permit employee discretion in terms of cash-out options, but only after the employee reaches retirement age. COST = 5% of salary budget.

- **Taxes:** FICA and Medicare. Standard payroll deduction. COST = 7.65% of salary budget.

- **Health Insurance:** Fixed dollar amount for individuals and families: i.e., with both spouses in a family working for the school, both would earn the fixed dollar amount as offset against the health insurance premiums, and would have a number of choices regarding what level of health insurance "to purchase" with one's health insurance allotment (i.e., one would choose higher deductibles and co-payments for lower premium costs or more extensive coverage, including dental, or PPO vs. HMO vs. straight indemnity plans). Any dollars not utilized can be allocated towards other benefits in the flexible benefits ("cafeteria") plan (i.e., more dollars in the child-care or medical reimbursements funds). (Use a base average $40,000 per employee across the entire employee base, then allocation of medical insurance dollars for each employee = $2000 per annum. So, a married couple with both individuals full-time employed by the school would receive a combined benefit of $4000 per annum to
pay for their family medical insurance policy.) The strategy here is to incentivize wise and economical health insurance choices and democratize them for each employee by creating the reality where employees are making health insurance decisions using their "own dollars" and not just expecting the organization to fund expensive choices. COST = 5% of salary budget.

- Group Disability & Group Life Insurance: Self-insure for short-term disability (including pregnancy leave): up to 12 weeks/3-months (90 days) leave at full pay. (Faculty "cover" for one-another under emergency situations.) School physician's approval for sick leave over three consecutive days. Purchase long-term disability insurance (from TIAA/CREF or ISM): Coverage begins after 12-weeks leave, at 60% of salary (maximum of $5000 per month) until age 65 or until disability ends. Purchase life insurance for all employees at two times salary. Dependent life insurance for all employees: $2500 for children, $5000 for spouse. COST = 1.35% of salary budget.

- Tuition Reimbursement Plan (Section 117): Funding for tuition reimbursement for each employee to pay for tuition for coursework for themselves, their spouses, or their offspring. Accrual over time in a professional development bank. Allocate 1% per salary: e.g., teacher with $40,000 salary gets $400 allocation per year. COST = 1% of salary budget.

TOTAL $: COST = 20% of salary budget.

Additional Benefits:

Vacation/Leave:

- For faculty and dorm parents: 10-month work calendar (mid-August to mid-June). School vacations.
- For administrators (7), 11-month calendar: i.e., four-week paid vacation for all. 1/2 days of school vacations.
- For support staff: after one-year of work has been completed, 1 week of paid vacation; after 2 years of service to the school, 2 weeks paid vacation; after 5 years of service, 3 weeks of paid vacation; after 10 years of service, 4 weeks of paid vacation. Vacation days do not accrue after the end of the employment year. 12-days for school holidays, as specified on school calendar.
Personal and Family and Sick Leave: Unpaid leave in compliance with FMLA requirements. Paid leave for any reason at rate of one per month of work (e.g., 10 for faculty, 12 for administrators and staff). Leave not utilized does not accumulate or carry-over but does count towards group performance/bonuses account.

Fringe Benefits (de minimus fringes: off-budget or minimal costs to the School):

- **Meals**: Meals provided to staff during working hours, when cafeteria open, as a condition of employment (to supervise students). (Carried as food cost, not benefits cost.)
- **Utilities**: All utilities provided (including Internet access) except telephone and tv cable/satellite service for residential employees, all of whom reside on campus as a condition of employment (to supervise students). (Carried as buildings and grounds cost, not as benefits cost.)
- **Flexible Benefits Plan**: Section 125 "cafeteria benefits" plan by which the school offers to employees reimbursement accounts for allowable costs, funded by voluntary employee salary reductions (no cost to the school): i.e., Medical reimbursements account (to pay out-of-pocket medical expenses for balance of insurance premiums, co-pays and deductibles, or non-covered medical expenses (such as eye glasses, orthodontics, etc.) and/or child-care reimbursements account.
- **Child Care**: Provided on campus on a discounted basis. (Minimal cost to the school.)
- **Group Salary Reduction Annuities (GSRAs)**: Offered to all employees through TIAA/CREF as an additional pre-tax savings plan. No cost to the school.
- **Financial Planning Services**: Once per year, the school would provide financial planning seminars (and individual counseling). (Minimal cost to the school.)
- **Discounts at School Store**: 25% discounts to all employees. (Minimal cost to school.)
- **Board Recognition Awards**: Company contributions to annual Christmas faculty raffle: Bulls and Cubs tickets; dinner and theater tickets; long weekend vacation trip; etc. (Minimal costs to the school.)
- **Alumni Housing**: Sometime in the distant future, The School may consider building retirement condos/housing, as a for-profit spin-off, with alumni and former faculty and employees having preferential options to buy. (The vision here is to develop life-time loyalty to the school, build a
wider, permanent community at the school, foster
tergenerational living and learning, etc.)

Group Performance Program/Bonuses:

The School could be a leader in the industry and in 21st. C. school compensation thinking by offering some compensation on a performance and incentive basis. School leadership (head and board), for example, could set goals in any or all of the following areas: If the goals are reached, then all employees would enjoy the additional benefits of a cash bonus, paid on a monthly, quarterly, or yearly basis as part of the salary increase for the next year.

- Wellness Program: All employees participating at an appropriate level in a personal health and fitness program: regular checkups; cessation of smoking classes; weight reduction programs; regular aerobics exercise, etc. Bonuses kick in as percentage of employees participating on a regular basis approaches 100%.
- Employee Safety: All employees participate in a safety program: bonuses kick in when no or few accidents or injuries occur, when sick days are not taken, etc.
- Conservation: As energy consumption and waste production targets are met (bettering the performance of similar institutions of similar size in similar settings), bonuses kick in.
- School Performance: As admissions and programming goals are met, bonuses kick in.

Conclusion:

The School will use a generous but appropriate benefit package as part of an overall compensation strategy to attract and keep a highly qualified staff.

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Author: Patrick F. Bassett, 8/1/99