**Compare Employee Benefits**

*Part 1) Compare the two employee benefit packages in the chart below. Assign an annual value to each benefit, determine the total value of each offer, and determine which offer is better.*

|  |  |  |
| --- | --- | --- |
| **BENEFIT** | **OFFER 1** | **OFFER 2** |
| **Salary** | Annual value: $27,000 | Annual value: $27,000 |
| **Health Insurance** | Employer pays $350 per month; employee pays $50 per month.  Annual value:$\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Employer pays $300 per month; employee pays $100 per month.  Annual value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Vacation Leave** | Employer pays for five vacation days the first year.  Annual value:$ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Employer pays for ten vacation days the first year.  Annual value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Sick Leave** | Employer pays for three sick days per year.  Annual value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Employer pays for three sick days per year.  Annual value: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Total package value** | Total annual value:  $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | Total annual value:  $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Which offer is better?**  *(circle one)* | This offer is better | This offer is better |

*Part 2) There are some benefits to which it’s difficult to assign an annual value. Compare the offers and discuss which offer is more attractive to you and why.*

|  |  |  |
| --- | --- | --- |
| **BENEFIT** | **OFFER 1** | **OFFER 2** |
| **Salary** | Annual value: $27,000 | Annual value: $27,000 |
| **Life Insurance** | Employer pays the annual $120 premium for insurance coverage equal to the employee’s annual salary | Employer pays the annual $120 premium for insurance coverage equal to the employee’s annual salary |
| **Short-Term Disability** | Employer pays the annual $129 premium for coverage that is 100% of the employee’s first month’s salary, 90% of the second month’s salary, and 80% of the third month’s salary during disability | Employer pays the annual $129 premium for coverage that is 95% of employee’s salary for three months during disability |
| **Retirement Plan** | Employer matches 100% of employee’s  contribution, per year, up to 6% of salary | Employer matches 100% of employee’s  contribution, per year, up to 5% of salary |
| **Which offer is better?**  **Why?** |  |  |

*Part 3) What are some other employee benefits that employers might offer? Circle the benefits that are important to you.*

|  |
| --- |
| **Other benefits:** |

**Compare Employee Benefits - Solutions**

*Part 1) Compare the two employee benefit packages in the chart below. Assign an annual value to each benefit, determine the total value of each offer, and determine which offer is better.*

|  |  |  |
| --- | --- | --- |
| **BENEFIT** | **OFFER 1** | **OFFER 2** |
| **Salary** | Annual value: $27,000 | Annual value: $27,000 |
| **Health Insurance** | Employer pays $350 per month; employee pays $50 per month.  Annual value:$350(12)=$4,200 | Employer pays $300 per month; employee pays $100 per month.  Annual value: $300(12)=$3,600 |
| **Vacation Leave** | Employer pays for five vacation days the first year. Daily pay rate = $27,000/365 =$73.97  Annual value: 5($73.97)=$369.85 | Employer pays for ten vacation days the first year. Daily pay rate = $27,000/365 =$73.97  Annual value: 10($73.97)=$739.97 |
| **Sick Leave** | Employer pays for three sick days per year.  Daily pay rate = $27,000/365 =$73.97  Annual value: 3($73.97)=$221.91 | Employer pays for three sick days per year.  Daily pay rate = $27,000/365 =$73.97  Annual value: 3($73.97)=$221.91 |
| **Total package value** | Total annual value:  $27,000 + $4,200 + $369.85+ $221.91 = $31,791.76 | Total annual value:  $27,000 + $3,600 + 739.97 + 221.91 = $31,561.88 |
| **Which offer is better?**  *(circle one)* | This offer is better | This offer is better |

*Part 2) There are some benefits that it’s difficult to assign an annual value to. Compare the offers and discuss which offer is more attractive to you and why.*

|  |  |  |
| --- | --- | --- |
| **BENEFIT** | **OFFER 1** | **OFFER 2** |
| **Salary** | Annual value: $27,000 | Annual value: $27,000 |
| **Life Insurance** | Employer pays the annual $120 premium  for insurance coverage equal to the employee’s annual salary | Employer pays the annual $120 premium  for insurance coverage equal to half the employee’s annual salary |
| **Short-Term Disability** | Employer pays the annual $129 premium  for coverage that is 100% of the employee’s  first month’s salary, 90% of the second month’s salary, and 80% of the third month’s salary during disability | Employer pays the annual $129 premium  for coverage that is 95% of employee’s salary for three months during disability |
| **Retirement Plan** | Employer matches 100% of employee’s  contribution, per year, up to 6% of salary | Employer matches 100% of employee’s  contribution, per year, up to 5% of salary |
| **Which offer is better?**  **Why?** | This offer is better if life insurance is very important to you (for example, if you have young children and you want to protect them in the event you were gone), OR if retirement earnings are important to you (for example, you want to be proactive in saving for your future). | This offer is better if short-term disability is important to you (for example, if you work at a job with hazardous conditions where injury is likely). |

*Part 3) What are some other employee benefits that employers might offer?*

*Other benefits: childcare, transit program, tuition reimbursement,*