

A Survey of Employer-Sponsored Retirement Benefits

As an employer, you most likely are concerned with your employees' well-being. Beyond the typical health insurance benefits, **retirement benefits** are an integral part of an employee's overall compensation. Providing employees a vehicle to save for retirement can be beneficial for both you and the employees. It can demonstrate to quality employees, or prospective employees, that your concern for their welfare extends beyond the office walls and their years of service. There are a number of different retirement options available, such as the following:

Pension Plans (defined benefit, defined contribution, or profit-sharing) provide an employee with a retirement benefit, payable based on the employee's length of service, salary, and a benefit formula that typically calculates the average of the employee's earnings over a prescribed period of time.

401(k) Plans provide employees the opportunity to contribute a percentage of pre-tax salary, with restrictions, into a retirement fund. An employer has the option of matching contributions, up to a predetermined percentage and subject to a maximum.

Simplified Employee Pensions (SEPs) are a common retirement plan option for employers with 100 employees or fewer. In SEPs, employers utilize **Individual Retirement Accounts (IRAs)** as a way of providing employees with a pension benefit.

Savings Incentive Match Plans for Employees (SIMPLEs) are also designed for employers with 100 or fewer employees; they utilize either IRAs or 401(k)s to provide a retirement benefit for their employees.

In deciding *which* type of retirement plan to offer, you may want to consider the ages and compensation histories of employees, the level of employer contributions anticipated, the company's profit history, the plan administration costs, and the expected length of time the plan will exist. There are a wide variety of plans available to you, and it makes sense to consult with professionals who specialize in retirement plans for businesses.

More Than Retirement

Other benefits are quite extensive and can include, but are not limited to, group automobile insurance plans, flexible spending accounts (FSAs), dependent care accounts, medical expense reimbursement accounts, vacation and sick-time benefits, maternity benefits, adoption benefits, employee assistance programs, health club memberships, credit unions, company vehicles, and certain nonqualified plans, such as **deferred compensation plans**, which are usually discriminatory in nature and, thus, are not tax-favored instruments of employee compensation.

Of course, employee benefits are more than just a retirement or health plan. There are numerous additional benefits that serve to improve the employee's quality of life. Services and programs that make the employee's life easier and, hopefully, more pleasant may translate to improved satisfaction levels and employee productivity.

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