

Lesson Title & Section #: 6-4 Employee Benefits



Lesson Essential Question: How can we calculate the value of certain employee benefits?

Discussion: What are the benefits of a job?

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Employee Benefits: value added options that an employer may choose to offer employees.

Insurance:

Health, Life, and Disability

Paid Vacation Time:

Paid time off to spend with family (# of weeks)

Paid Holiday Time:

Paid time off to spend with family (Holidays)

Retirement Plans:

Options for investing money now to grow for when you retire

Stock Ownership Plans:

Stock options for investing

Childcare Leave:

Paid days off to take care of children

Family Health Care:

Covers the whole immediate family of the employee

Individual Health Care:

Covers only the employee

Pension:

Compensation the employer pays an employee after retirement.

Unemployment Insurance:

Insurance for those who are unemployed through no fault of their own, and are looking for jobs.

Base Period:

Fixed period of time

Worker's Compensation:

Monetary assistance to employee's injured on the job.

Date: \_\_\_\_\_

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### Example 1

Alan works for a printing company. It has been a little over four years since he was hired. He now makes \$54,080 per year. When he was hired, he was told that he had five days of paid vacation time. For each year that he worked at the company, he would gain another two days of paid vacation time to a maximum of 20 days. How many paid vacation days does he now get at the end of four years of employment and how much will he make during the time he is on vacation?

Years Worked	Days of vacation
0	5
1	$5+2=7$
2	$5+2+2=9$
3	$5+2+2+2=11$
4	$5+2+2+2+2=13$

$1 \frac{2}{5} = 2.6$  work weeks  
13 paid vacation days =  $5+5+3$

$$54,080 \div 52 = \$1,040 \text{ per work week}$$

$$1,040 \times 2.6 = \$2,704 \text{ during vacation}$$

### Example 2

Frieda's employer offers her family health care. Frieda must contribute 12% of the cost and her employer will cover the rest. Frieda gets paid on a biweekly basis, and she notices that \$88.50 is taken out of each paycheck for her portion of the contribution to the family health care coverage. How much does Frieda's employer contribute for her coverage? per year

$$88.50 \times 26 = \$2,301 \text{ per year}$$

$$\frac{2301}{.12} = \frac{.12 \times}{.12}$$

$$x = 19,175 \text{ total for family health care}$$

$$19,175 - 2301 = \$16,874 \text{ employer contributes}$$

Date: \_\_\_\_\_

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#### Example 3

Marina works at Washington Performing Arts Center. Her employer offers her a pension. Marina's employer uses a formula to calculate the pension. A retiring employee will receive 1.5% of their average salary for the last five years of employment for every year worked. Marina is planning on retiring at the end of this year after 25 years of employment. Marina would receive this amount each year until her death. Her salaries for the last five years are \$88,900, \$92,200, \$96,000, \$98,000, and \$102,000. Calculate Marina's pension.

$$\text{Avg. Salary} = \frac{88900 + 92200 + 96000 + 98000 + 102000}{5}$$

(Last 5 years)

$$= 95,420$$

$$95,420 \times .015 = \$1,431.30$$

per year worked

$$\text{For Every year worked} \rightarrow 1,431.30 \times 25 \text{ years} = \$35,782.50$$

per year til death

#### Example 4

In Reese's state, the weekly unemployment compensation is 60% of the 26-week average for the two highest-salaried quarters. A quarter is three consecutive months. For July, August, and September, he earned a total of \$9,024. In October, November, and December, he earned a total of \$9,800. Determine Reese's unemployment compensation.

$$\text{Total Earnings for the 2 quarters (26 weeks)} = 9024 + 9800 = 18,824$$

$$18,824 \div 26 \text{ weeks} = 724 \text{ per week average income}$$

$$724 \times 0.60 = \$434.40$$

unemployment compensation each week.