

FREQUENTLY ASKED QUESTIONS

- Do you lose employees or are you forced to match offers made to your key employees by other employers who may pay more compensation, but provide little or no benefits?
- Do you feel that employees take costly benefits (both statutory and voluntary) for granted, or believe that these benefits are not valuable?
- Do you hear complaints about pay scales when your total benefit package is better than your competitors?
- Do you feel that your employees do not realize the value of a “pre-tax” benefit versus having the additional pay and buying the benefit for themselves on an “after-tax” basis.
- Do you want the employees to realize the total value that your company places on their services?
- Do you have problems, while recruiting new employees, in spelling out plainly what the benefits (both visible and invisible) are for the prospective employee?
- Do you feel that the company should be recognized for its efforts to provide adequate fringe benefits when you either enhance a benefit or pay more for an existing benefit?

If you answered “yes” to any or all of the above questions Employee Benefit Statements may help your company to cost effectively communicate the total value of their compensation package.



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LEON E WERTZ & ASSOCIATES, INC.

EMPLOYEE BENEFIT STATEMENTS

ADMINISTRATORS &
CONSULTANTS FOR
EMPLOYEE BENEFIT PLANS



COMMUNICATION IS THE KEY

TOTAL BENEFITS COST

According to a recent U.S. Chamber of Commerce Study, employers are spending an average of 38.4 percent on top of payroll for benefits.

Are you getting the best mileage from your employee benefit package? Studies show that even though employees receive thousands of dollars in statutory and fringe benefits annually, most have no idea what their benefits are or how much the company is paying for those benefits.

TOTAL COMPENSATION

Unfortunately the annual W-2 form does not paint the whole picture of the compensation package paid on behalf of an employee, nor does it express the value of the employee to the company.

The W-2 does have the actual compensation paid and it does include overtime and bonus amounts and some taxable fringe benefits. This is not, however, the entire compensation package that should be shown to the employee.

FRINGE BENEFITS

One of the fastest growing expenses in any business is the growth of employee fringe benefit costs. The increased costs in fringe benefits often exceed the pay increases given to employees, and may restrict an employer's ability to give pay increases.

Increases in health insurance premiums (and other employer provided premiums) and benefit increases in various retirement or savings plans, are added costs of doing business and are valuable benefits to an employee.

MANDATED BENEFITS

Many employees are not aware that the employer is required by law to provide certain benefits. The costs of benefits that are mandated such as Social Security, Medicare, Worker's Compensation, Federal Unemployment and State Unemployment are benefits that are valuable to an employee. These costs may account for a sizeable percentage of your payroll costs.

HIDDEN BENEFITS

Even more overlooked are costly "hidden" benefits that an employee may enjoy but are not readily visible on a W-2 form. These benefits such as free parking, coffee, vacation pay, sick pay, discretionary days off, employer provided meals, educational expenses or use of company vehicles and other facilities are benefits that should be identified to all employees.

EMPLOYEE MORALE

Personalized Employee Benefit Statements are a means to effectively communicate the high cost of benefits to employees in a positive way.

Few companies are getting their money's worth because benefits are not clearly communicated to the employee.

Employees' understanding and appreciation for their benefits package will improve dramatically. This leads to improved productivity, and that translates into lower costs.

Employers save money because employees have greater job satisfaction which leads to decreased turnover and lower demands for wage increases.

HOW MUCH DOES IT COST?

The costs of employee benefit statements are twofold. The cost of a few hours of your accounting department to generate the information, and the cost of the actual statements. The real cost of benefit statements is not in the cost of the statement, but in the cost of not providing employees with the true picture. The true cost is the cost of turnover. Employees who do not understand their benefits will underestimate their compensation. The cost of the employee benefit statement is a small fraction of the cost of hiring one employee, training the employee, and paying the employee while his productivity is low. One turnover can cost a company thousands of dollars.

Let us show you how cost effective employee benefit statements can be for your company.