

Overall, employee benefits are valuable perks of a job. By some estimates, it costs an employer an additional 20 percent–50 percent of your earnings to provide them to you—money you’d otherwise have to spend buying these items for yourself.

Different benefits will be important to you at different stages of your life. The point is to remember to consider benefits as well as salary when you’re thinking about accepting a new job.



Exercise 7E:

Compare Employee Benefits

Compare two typical employee benefits packages. Calculate the total value of each package.

Nicholas, who is two years out of high school, is deciding between two job offers. Both jobs offer the same salary, \$25,000 a year, but the employee benefits are different.

	Offer 1	Offer 2
Salary	\$25,000 a year	\$25,000 a year
Health insurance	Employer pays \$360 per month; the employee pays \$40 per month	Employer pays \$300 per month; the employee pays \$100 per month
Dental insurance	Not offered	Employer pays \$10 per month; employee pays \$2.50 per month
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 twice the employee’s annual salary
Short-term disability insurance	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 50% 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
Holidays	Employer pays for nine holidays per year	Employer pays for nine holidays per year
Vacation leave	Employer pays for seven vacation days the first year	Employer pays for five vacation days the first year
Sick leave	Employer pays for five sick days per year	Employer pays for five sick days per year
Total Package Value		
Which do you think is the best offer and why?		