

The background features a collage of a historical map with various place names like 'Desert', 'Harahotun', 'Peking', and 'Nankin', and modern banknotes, including a 1000 Euro note and a 10 British Pound note. The entire image has a green color overlay.

TOTAL REWARDS  
INSTRUCTOR'S MANUAL

**SRM**<sup>®</sup>

SOCIETY FOR HUMAN  
RESOURCE MANAGEMENT

# Discretionary Employee Benefits

*By Karen S. Markel, Ph.D., SPHR*

## PROJECT TEAM

Author: Karen S. Markel, Ph.D., SPHR  
SHRM project contributor: Bill Schaefer, SPHR, CEBS  
External contributor: Sharon H. Leonard  
Copy editing: Katya Scanlan, copy editor  
Design: Shirley E.M. Raybuck, graphic designer

© 2010 Society for Human Resource Management. Karen S. Markel, Ph.D., SPHR

**Note to HR faculty and instructors:** SHRM cases and modules are intended for use in HR classrooms at universities. Teaching notes are included with each. *While our current intent is to make the materials available without charge, we reserve the right to impose charges should we deem it necessary to support the program.* However, currently, these resources are available free of charge to all. Please duplicate only the number of copies needed, one for each student in the class.

For more information, please contact:

SHRM Academic Initiatives  
1800 Duke Street, Alexandria, VA 22314, USA  
Phone: (800) 283-7476 Fax: (703) 535-6432  
Web: [www.shrm.org/education/hreducation](http://www.shrm.org/education/hreducation)

# Instructional Materials

## INTRODUCTION

This module provides a foundation in discretionary benefits with a focus on design and implementation issues; health and medical benefits; and retirement benefits.

## AUDIENCE

This module is appropriate for upper-level undergraduate or graduate students as part of an introduction to a human resource management or employee benefits course.

## LEARNING OUTCOMES

At the end of this module, students will be able to:

- Identify issues in discretionary benefits design and implementation.
- Define the types of discretionary benefits.
- Identify the relationship between various discretionary benefits programs and relevant federal law.

## LEARNING MODULE STRUCTURE

This learning module comprises three class sessions. Session 1 will take 55 minutes to complete, Session 2 will take 80 minutes to complete, and Session 3 will take 60 minutes to complete. The suggested times include class lecture but not exercise or assessment time.

Each session includes the following instructional materials:

1. Instructor's guide:
  - Supplemental material suggestion(s).
  - Assessment questions.
  - Exercise(s).
2. PowerPoint slides

## Instructor's Guide

The instructor's guide provides a suggested format and schedule for conducting each session and suggestions for supplemental material, assessment questions and exercise(s).

### Assessment Questions

Please note that these questions are not included in the suggested timeline because their use will vary by instructor.

### True-or-False Quizzes

Each session includes a true-or-false quiz with answers. The questions are based on the content from each session. Depending on how the session is structured, these can be used as a class pre-test or post-test assessment.

### Discussion Questions

The instructor's guide includes three discussion questions per session; these questions can be used for discussion during the presentation, as a way to summarize the material or as an assessment.

### Exercises

Each session includes suggested exercise(s) that may be used as part of the presentation or as a homework assignment.

### PowerPoint Slides

The PowerPoint file for this module includes lecture notes in the "Notes" section. The PowerPoint slides can be distributed to students as a reference manual for the module. The instructor may want to distribute the slides as handouts (three per page), so students can follow along and write additional notes in the space provided.

## SUPPLEMENTAL MATERIAL

Suggested additional material is included with each session to supplement to the instructor's notes and PowerPoint slides. In general, the following basic benefits textbooks and web sites are good resources for this module:

1. Martocchio, J. J. (2008). *Employee benefits: A primer for human resource professionals*, 3rd ed. New York: McGraw-Hill Higher Education.
2. Murphy, T. E. (2009). *Benefits and beyond: A comprehensive and strategic approach to retirement, health care, and more*. Thousand Oaks, CA: Sage Publications.
3. Rosenbloom, J.S. (2005). *Handbook of employee benefits*, 6<sup>th</sup> ed. New York: McGraw-Hill.
4. SHRM Benefits Discipline web page: [www.shrm.org/hrdisciplines/benefits/Pages/default.aspx](http://www.shrm.org/hrdisciplines/benefits/Pages/default.aspx).
5. SHRM. (2010). 2010 employee benefits: Examining employee benefits in the midst of a recovering economy. Alexandria, VA: SHRM.

## SESSION OVERVIEWS

### **Session 1: Design and Implementation Considerations for a Discretionary Benefits Program**

This session introduces students to the challenges in determining what benefits to offer; how to make them available to employees; how to communicate benefits information; and how to determine if a benefits program is effective. Suggested exercises include gathering benchmarking information and completing a SHRM case study. Although not included in the PowerPoint slides, there is an additional exercise that incorporates the suggested case for this class session.

### **Session 2: Health and Medical Insurance Benefits**

This session discusses benefits that address employees' health and medical needs (e.g., major medical, dental, vision). Various plan types and administration issues are introduced. Key provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986 and the Health Insurance Portability and Accountability Act (HIPAA) of 1996 are also considered as they relate to health and medical benefits. The exercise in this session challenges students to analyze data from the Bureau of Labor Statistics' (BLS) National Compensation Survey.

### **Session 3: Retirement Benefits**

This session explores basic retirement benefit plans. Included in this discussion is the relationship among the Social Security Act of 1935, the Employee Retirement Income Security Act (ERISA) of 1974, the Internal Revenue Code and the Pension Protection Act of 2006. The exercise for this session requires students to analyze fact sheets from the Employee Benefit Research Institute's *Retirement Confidence Survey*.

# Session 1: Design and Implementation Considerations

The following teaching notes, exercise and assessments accompany the PowerPoint slides for this session.

## SUGGESTED TIMELINE

Topic	PPT slide(s)	Approximate time
Introduction	3-4	5 min.
Discretionary benefits defined	5-6	10 min.
What benefits to offer	7-10	10 min.
Plan administration	11-12	10 min.
Communication	13	10 min.
Plan effectiveness	14	10 min.
Exercise	15-20	Min. 25 minutes (Exercise 1)
Assessment	21-23	Not included in session time

## EXERCISES

### Using Benchmarking Data

To remain competitive, employers like to gather information about what benefits their competitors are offering their employees. This exercise uses information from a SHRM benchmarking report on employer health care plans. The exercise requires students to interpret the results and gather information about how to use these data. Employers often gather benchmarking data when making decisions about what benefits to offer, and this exercise illustrates some of the types of information that may be collected and used and what to consider when relying on this type of data. Note: Instructors may want to have students form groups of three to five to complete this exercise.

The slides include detailed questions and relevant tables that students must review to answer the following questions:

1. Based on the information found on Slide 16 about understanding the data, what should be considered when using the data to generalize information? Instructors should note to students that benchmarking data are often customizable and that defining characteristics that may affect the utility of comparison data (e.g.,

geography, organizational size, industry and union status) is imperative when requesting a benchmarking report.

*Question:* You are using the data to determine how your organization compares to others in a similar industry. What should you consider about the data when making recommendations to correct any significant discrepancies in benefits offerings between your organization and the findings from the report? What else besides strategy, location and size might affect the utility of the benchmarking data?

*Answer:* Answers should include the discussion points from this session on what benefits to offer (Slides 7-10).

2. The next set of questions uses data found on Slide 18. These questions illustrate the kind of data that may be included in a benchmarking report on health care plans. Basic information such as the frequency (n) and type of coverage can provide a starting point for analysis. Before assigning this exercise, the instructor may want to review the basic information in the table by defining the different coverage options (these are discussed in the teaching notes for this slide).

*Question:* What is the most common type of health care plan? Who is covered under this plan?

*Answer:* The most common type of health care plan is employee-only (n = 101, 95 percent).

*Question:* You are a benefits manager for an organization using this table to compare your health care coverage to organizations similar to yours. You don't currently offer opposite-sex domestic partner health care coverage to your employees. Are you at a competitive disadvantage? Why or why not?

*Answer:* According to the report, 26 organizations (26 percent) offer opposite-sex domestic partner health care coverage. Unless there is something unique about your organization (e.g., a disproportionately higher than average number of employees have an opposite-sex domestic partner), you are *probably* not at a competitive disadvantage.

3. The next set of questions refers to data found on Slide 20. The instructor may want to define the key variables included in the table before assigning this part of the exercise.

*Question:* Your organization currently offers employees only one type of health care plan, and it is an indemnity plan. Your organization is considering offering another health care plan to its employees. Based on the data, what percentage of employers responding to this survey offer more than one plan?

*Answer:* Fifty-seven percent of responding employers offer two or more plans (35 percent + 22 percent).

*Question:* Using the same scenario and based on the data, what other health care plan might be attractive to employees?

*Answer:* Many employers offer PPOs (83 percent) or HMOs (55 percent). It is interesting to note that among those that offer PPOs or HMOs, more employees take advantage of the PPO (49 percent) than the HMO (24 percent).

The instructor should point out that an employer may want to consider not just whether to offer a benefit, but also its likelihood of being used based on key organizational characteristics (e.g., demographics of the workforce) defined in the total rewards strategy.

### **Case Study**

Assign the SHRM case, *Benefits and Business at Aflac and L.L. Bean*. This case can be downloaded from the SHRM web site at [www.shrm.org/Education/hreducation/Pages/cases.aspx](http://www.shrm.org/Education/hreducation/Pages/cases.aspx). The case requires students, working in teams, to analyze either Aflac's or L.L. Bean's total rewards strategy and to present to the class how the company's total rewards strategy is used to achieve organizational outcomes. This exercise may work as a homework assignment, using class time to conduct group presentations and the case debrief. One hour of additional class time is recommended to introduce the case, conduct the presentations and debrief (this time does not include group time to develop the presentations). This case illustrates the role benefits can play to help achieve organizational outcomes. Instructor and student guides accompany the case. Note: There are no PowerPoint slides in this module that reference this suggested exercise.



## ASSESSMENT

### True-or-False Quiz

1. Employers often outsource the administration of employee benefits because it requires a specialized knowledge set.
2. Employees often consider what discretionary benefits are available when deciding to work for an employer.
3. It is neither important nor legally required to inform employees of their benefits offerings or elections.
4. If the right factors are considered, the choice of employee benefits offered may lead to changes in employee behavior.
5. All employers place the same value on discretionary benefits.
6. It is ideal for employees to have a choice in the benefits they receive.
7. Discretionary benefits are those employee benefits that are mandated by law.
8. In an organization where the majority of employees are between the ages of 20 and 40, employees are more likely to value benefits related to child birth and child care.
9. Cafeteria plans have the least amount of flexibility for employees in the variety of benefits employees receive.
10. Total rewards statements provide personalized data to employees about the compensation and benefits received through their employers (e.g., cost, elections, account balances).
11. There are no legal requirements that control the type and frequency of benefits communication.
12. Employees often compare what similar organizations offer in terms of employee benefits.
13. The timing of benefits communication is important to its overall success.
14. Employers should align their benefits strategy as part of a total rewards strategy.
15. The Internal Revenue Code does not offer tax incentives to employers for certain discretionary benefits offerings.

### **True-or-False Quiz Answers**

1. True
2. True
3. False
4. True
5. False
6. True
7. False
8. True
9. False
10. True
11. False
12. True
13. True
14. True
15. False

## Discussion Questions

1. What role(s) can discretionary benefits play in an organization's HR function?

*Answer:*

- Recruitment and retention.
- Total rewards strategy.
- Behavior change.

2. What should an employer take into account when designing a discretionary benefits program?

*Answer:*

- Organizational and total rewards strategy.
- What the competition offers.
- Employee demographics.
- Cost of the benefit.
- Value to employees.

3. How should the program be communicated?

*Answer:*

- Adhere to legal requirements.
- Clearly and concisely.
- Timely.
- Use the appropriate communication vehicles.

## SUPPLEMENTAL MATERIAL

Adamik, J. M. (2007). *Developing a strategic benefits program*. Scottsdale, AZ: WorldatWork.

Lineberry, J. L., & Sanes, R. (2000). *Implementing flexible benefits: An approach to facilitating employee choice*. Scottsdale, AZ: WorldatWork.

Rohrer, J. (2009). Benefits communication: A tool to boost morale. Retrieved October 23, 2009, from [www.shrm.org/hrdisciplines/benefits/Articles/Pages/CommunicationBoostsMorale.aspx](http://www.shrm.org/hrdisciplines/benefits/Articles/Pages/CommunicationBoostsMorale.aspx).

Schlachtmeyer, A. (2000). *Communicating benefits programs: An approach to achieving employee understanding and employer goals*. Scottsdale, AZ: WorldatWork.

# Session 2: Health and Medical Benefits

## SUGGESTED TIMELINE

Topic	PPT slide(s)	Approximate time
Introduction	24-25	5 min.
Coverage	26	5 min.
Fee-for-service plans	27-28	10 min.
Managed care plans	29-31	10 min.
Dental and vision insurance	32-33	5 min.
Prescription drug benefits	34	5 min.
Employee assistance plans	35	5 min.
Mental health and substance abuse benefits	36	10 min.
Wellness programs	37	5 min.
Law	38-39	10 min.
Managing the costs of health and medical benefits	40	10 min.
Exercise	41-42	30 min.
Assessment	43-45	Not included in session time.

## EXERCISE

For this exercise, instructors and students should access the BLS Employee Benefits Survey at [www.bls.gov/ncs/ebs/benefits/2008/benefits\\_health.htm](http://www.bls.gov/ncs/ebs/benefits/2008/benefits_health.htm). This survey summarizes health care benefits (e.g., medical and dental care) offered in the civilian sector in the United States.

This exercise can be conducted in class, where the instructor accesses the web site and asks students to answer the following questions (25 minutes). Alternately, the exercise could be used as a homework assignment, in which students submit their written responses to the following questions during the next class session.

For this exercise, students examine two tables from the survey and provide the relevant information in response to specific questions. The first table shows benefit take-up rates (the rates to which employees with access to a benefit actually enroll). While the premium cost to employees is not available from the table, students may find the take-up rates an interesting concept to note.

1. Based on the March 2008 Employee Benefit Survey ([www.bls.gov/ncs/ebs/benefits/2008/ownership/private/table05a.pdf](http://www.bls.gov/ncs/ebs/benefits/2008/ownership/private/table05a.pdf)), answer the following questions:

*Question:* What employee segment (civilian, private or state/local government) has the greatest access to health insurance? What percentage of that population actually enrolls in a health care plan? Is that percentage higher or lower than what you expected?

*Answer:* Eighty-seven percent of state and local government employees have access to medical care coverage through their employer, while 73 percent of the population actually participates, making this group the leaders in health care coverage. State and local government employees also have the greatest access to dental care, at 55 percent.

*Question:* What employer segment has the lowest employer share of premium?

*Answer:* The private sector has the lowest employer share of the premium for all workers, at 81 percent, and the employee share at 19 percent.

2. Based on the March 2008 Employee Benefit Survey table ([www.bls.gov/ncs/ebs/benefits/2008/ownership/private/table01a.pdf](http://www.bls.gov/ncs/ebs/benefits/2008/ownership/private/table01a.pdf)) that details information about private-sector employers that offer retirement and health care benefits, answer the following questions:

*Question:* Are larger or smaller employers (based on the number of employees) more likely to offer health care benefits?

*Answer:* Larger employers are the most likely (97 percent) to offer health care benefits.

*Question:* What employers are more likely to offer health care benefits—goods or service-producing employers?

*Answer:* Service-producing employers are slightly more likely to offer health care benefits (62 percent for service-producing employers versus 60 percent of goods-producing employers).

*Question:* Employers in which type of service-producing industry are most and least likely to offer health care benefits?

*Answer:* Employers in the utility industry are most likely to offer health care benefits to their employees (98 percent). Employers in the leisure and hospitality industry are the least likely to offer health care benefits to their employees (41 percent).

## ASSESSMENT

### True-or-False Quiz

1. One strategy employers can use to manage increasing health care costs is to push some of that cost to employees through co-payments.
2. Under COBRA, employees who are fired for gross misconduct can continue their benefits at no charge.
3. In an HMO, employees do not need to go through their primary care physicians to see a specialist.
4. Many employers include preventive care in their health care benefits with the hope that increased preventive care will lead to healthier employees and lower overall health care costs.
5. In a PPO, covered individuals pay the same costs for health care services regardless of whether they receive services in or out of the network of acceptable providers.
6. Vision insurance often covers eye surgery, not just routine care.
7. Employers may choose to self-fund their major health care plan if it is more economical than purchasing group insurance.
8. Because of the aging workforce at ABC Corporation, the company started offering lunchtime seminars on managing diabetes, high blood pressure and common ailments for older people. These seminars are examples of components of a wellness program.
9. HIPAA does not address issues related to medical record privacy.
10. Traditional fee-for-service medical plans offer covered individuals the most freedom in choosing health care providers.
11. Low employee deductibles are one strategy employers can use to defray health care costs.
12. Dental insurance plans are often structured like major medical HMOs.
13. Mental health benefits often include in- or outpatient mental health services.
14. Alex's boss learned that Alex is having some personal problems that are affecting his behavior and demeanor at work. Alex's boss contacts her HR department for advice, and they suggest reminding Alex of the services available through the organization's employee assistance plan (EAP). An EAP could address Alex's needs.
15. PPOs do not delineate services between in-network and out-of-network providers.

### True-or-False Quiz Answers

1. True
2. False
3. False
4. True
5. False
6. False
7. True
8. True
9. False
10. True
11. False
12. True
13. True
14. True
15. False

## Discussion Questions

1. Why are employers moving away from traditional health care plans?

*Answer:* Rising costs associated with fee-for-service plans.

2. What are some of the pros and cons of offering health care benefits to employees?

*Answer:*

- Attracts and retains employees (pro).
- Costly (con).
- Healthier employees have lower absenteeism rates due to illness (pro).

3. How are employers managing the rapidly increasing costs of health care benefits?

*Answer:*

- Shifting the burden to employees (e.g., co-payments).
- Moving to managed care plans.
- Reducing benefits offerings.
- Providing incentives to better manage employee health.
- Offering wellness programs.

## SUPPLEMENTAL MATERIAL

O'Neill, B. (June, 2008). Health and wealth relationships: What employee benefits professionals need to know. *Benefits & Compensation Digest*, 45, 6: 1.

Society for Human Resource Management. (2010). Health care benefits. Retrieved October 23, 2010, from [www.shrm.org/hrdisciplines/benefits/Pages/healthcare.aspx](http://www.shrm.org/hrdisciplines/benefits/Pages/healthcare.aspx).



# Session 3: Retirement Benefits

## SUGGESTED TIMELINE

Topic	PPT slide(s)	Approximate time
Introduction	46-47	5 min.
Social Security Act of 1935	48-49	10 min.
Employer-sponsored retirement plans	50	5 min.
ERISA	51	5 min.
Internal Revenue Code	52	5 min.
Defined benefit plans	53	5 min.
Defined contribution plans	54-57	10 min.
Implementation issues	58-60	10 min.
Pension Protection Act of 2006	61	5 min.
Exercise	62-64	30 min.
Assessment	65-67	Not included in time estimate.

## EXERCISE

The Employee Benefit Research Institute (EBRI) conducts a retirement confidence survey annually to examine trends and attitudes regarding retirement benefits and plans. The instructor should direct students to the survey web site at [www.ebri.org/surveys/rcs/](http://www.ebri.org/surveys/rcs/) and answer the following questions.

---

### Teaching note:

The exercise was developed using data from the 2009 survey; however, the survey is updated annually, and more recent information may be available and used in a similar manner. The exercise could be completed in class or as a written homework assignment to be submitted during the next class period. If conducted in class, suggested time is 30 minutes. The exercise may require additional student time (one hour) if assigned as homework. Alternately, the assignment could also be given to student groups of two to three individuals, with a debrief in class.

---

1. *Question:* Based on the EBRI's 2009 Retirement Confidence Survey results, what are workers' expectations for retirement? Have they changed and why?

*Answers:*

- Many workers say they will postpone retirement primarily due to the poor economy, but other factors, including job loss, stock market losses and concerns about Social Security, have also caused a decline in confidence.
- In addition to a growing number of workers postponing retirement, the percentage of workers planning to continue working during retirement has increased significantly (from 63 to 72 percent).

2. *Question:* Discuss the gender comparisons regarding retirement confidence and expectations for the past two years.

*Answers:*

- According to the 2009 Gender Comparisons Among Workers Fact Sheet, men are more likely than women to say they are *very* confident about several of the financial aspects of retirement (Figure 6). Men are more likely to be *very* confident about having enough money to take care of basic expenses, medical expenses and long-term care, and that the Medicare system will continue to provide benefits equal to those received by retirees today (Figure 6).
- Among those who have changed their expected retirement age in the past 12 months, women (13 percent) are more likely than men (5 percent) to expect to retire sooner and at a younger age than before.
- According to the 2008 Gender Comparisons Among Workers Fact Sheet, men are more likely than women to say they are *very* confident about the various financial aspects of retirement (Figure 6). Men are likely apt to be *very* confident about having enough money to live comfortably throughout retirement; about having enough money to take care of basic expenses, medical expenses, and long-term care; that they are doing a good job of preparing financially for retirement; and that the Social Security system

will continue to provide benefits equal to those received by retirees today (Figure 6).

- Men are more likely to agree that they (and their spouse) will not live long enough to use up all of their savings (53 percent of men versus 38 percent of women). Men and women are equally likely to expect to work for pay in retirement (62 percent of men versus 63 percent of women).

3. *Question:* Describe the confidence level and expectations for Social Security.

*Answer:*

- a. Sixty-seven percent of workers said they are *not too confident or not at all confident* that Social Security will continue to provide benefits of at least equal value to the benefits retirees receive today. Skepticism about Social Security has fluctuated slightly, but it has remained at about the same level for the past five years. It remains below the level measured in 1994, when 77 percent of workers were not confident that benefit levels would be preserved (Figure 1).
- b. Today's workers are less likely to expect Social Security income in retirement (81 percent total *major* and *minor* source of income) than today's retirees are to report having Social Security income (92 percent total; Figure 3).
- c. Workers are also half as likely to expect Social Security to provide a *major* share of their income in retirement (32 percent) compared with the percentage of today's retirees who say Social Security makes up a *major* share of their income (68 percent) (Figure 3). However, EBRI research found in 2007 that 60 percent of those age 65 or older received at least 75 percent of their income from Social Security. (See *EBRI Databook on Employee Benefits*, Chapter 7, retrieved October 23, 2009, at [www.ebri.org/pdf/publications/books/databook/DB.Chapter%2007.pdf](http://www.ebri.org/pdf/publications/books/databook/DB.Chapter%2007.pdf).)

## ASSESSMENT

### True-or-False Quiz

1. Employer sponsors of profit-sharing retirement plans often fund those accounts with company stock.
2. The earliest that an individual can receive “old age” Social Security benefits is age 62.
3. Employers do not receive any tax incentives for making financial contributions to their employees’ 401(k) plans.
4. A defined contribution plan guarantees a predetermined benefit at retirement.
5. A vesting schedule determines when an employee is eligible to receive certain benefits.
6. Employees pay taxes on contributions to their employer-sponsored retirement plans at the time of the contribution.
7. The Social Security Act of 1935 created employer-sponsored retirement plans.
8. Most retirement plans use a formula to determine employee eligibility, employer contributions and employee benefits.
9. The Internal Revenue Code is one law that regulates retirement plans.
10. A cliff vesting schedule typically means that a covered individual is eligible only after a certain time period to receive full benefits.
11. Defined benefit plans are more expensive to employers than defined contribution plans.
12. Social Security benefits are received on a graduated scale.
13. In a defined contribution plan, employees often have discretion over how their funds are invested among a set of predetermined options.
14. Stocks are never used as contributions to retirement accounts.
15. The government offers an incentive through increased Social Security benefits by delaying payment receipt at the time of eligibility.

### True-or-False Quiz Answers

1. True
2. True
3. False
4. False
5. True
6. False
7. False
8. True
9. True
10. True
11. True
12. True
13. True
14. False
15. True

## DISCUSSION QUESTIONS

1. *Question:* What laws are important in the provision and regulation of retirement benefits?

*Answers:*

- The Social Security Act of 1935 provides old-age retirement income.
- ERISA provides initial regulation of employer-sponsored pension plans.
- The Income Tax Code provides tax incentives for both employer and employee contributions. Retirement income is taxable.
- The Pension Protection Act of 2006 provides minimum funding standards for pension plans and strengthens the pension insurance system.

2. *Question:* What are some pros and cons to offering defined benefit (DB) or defined contribution (DC) plans from the employee and employer perspectives?

*Answer:*

	Pro	Con
Employee	Guaranteed benefit amount (DB). Tax-deferred earnings (both).	Uncertain benefit amount (DC). Often self-managed (DC).
Employer	Less expensive to provide than DB (DC). Tax incentives for contributions (both).	Most costly to fund (DB). Challenging to manage (both).

3. *Question:* How does the government provide incentives for individuals to delay the receipt of their Social Security benefits?

*Answer:* Increase the age of full retirement.

## SUPPLEMENTAL MATERIAL

1. Blumenstein, D., & Routh, C. H. (November, 2007). Multiemployer defined benefit pension plans: Why their future looks strong. *Benefits & Compensation Digest*, 44, 11, 26.
2. Society for Human Resource Management. (2010). Retirement planning. Retrieved October 23, 2010, from [www.shrm.org/hrdisciplines/benefits/Pages/rp.aspx](http://www.shrm.org/hrdisciplines/benefits/Pages/rp.aspx).
3. WorldatWork. (2001). *The best of retirement benefits: A collection of articles from WorldatWork*. Hoboken, NJ: WorldatWork.

# References

1. Govtrack.us. S.558. *Mental Health Parity Act of 2007, 100th Congress*. Retrieved October 23, 2009, from [www.govtrack.us/congress/bill.xpd?bill=s110-558&tab=summary](http://www.govtrack.us/congress/bill.xpd?bill=s110-558&tab=summary).
2. Martocchio, J. J. (2008). *Employee benefits: A primer for human resource professionals*, 3<sup>rd</sup> ed. New York: McGraw-Hill Higher Education.
3. Murphy, T. E. (2009). *Benefits and beyond: A comprehensive and strategic approach to retirement, health care, and more*. Thousand Oaks, CA: Sage Publications.
4. U.S. Department of Labor. eLaws – Health Benefits Advisor. Retrieved October 23, 2009, from [www.dol.gov/claws/ebsa/health/glossary.htm?wd=Summary\\_Plan\\_Description](http://www.dol.gov/claws/ebsa/health/glossary.htm?wd=Summary_Plan_Description).
5. WorldatWork. (2007). *The WorldatWork handbook of compensation, benefits & total rewards: A comprehensive guide for HR professionals*. Hoboken, NJ: John Wiley & Sons, Inc.

SHRM members can download this case study and many others free of charge  
at [www.shrm.org/education/hredemption/pages/cases.aspx](http://www.shrm.org/education/hredemption/pages/cases.aspx).  
If you are not a SHRM member and would like to become one, please visit [www.shrm.org/join](http://www.shrm.org/join).





1800 Duke Street  
Alexandria, VA 22314-3499