

BUSINESS FINANCE 4312

EMPLOYEE BENEFITS AND RETIREMENT PLANNING

Course Syllabus

Spring Semester 2019

TTH, 9:35-10:55 AM

139 Converse Hall

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Office Hours: MW, 9:30 to 11:00 am (Also available by appointment)

COURSE DESCRIPTION

This course provides an introduction to the concepts and methods of employee benefit and retirement planning. In the course, we use the term “Employee Benefits” to refer to compensation other than hourly wage, salary or incentive payments. While the principal focus of the course is employee benefits, it is important to understand that many employee benefit plans are concerned, at least to some extent, with retirement.

The field of employee benefits has become important for two major reasons:

- The high cost of recruiting, retaining, and ultimately retiring an employee mandates a careful search by an employer for the most cost-effective benefit and compensation packages to meet company objectives.
- The unprecedented growth of federal legislation and regulatory activity in the area of employee compensation during recent decades has greatly complicated the process of designing benefit plans to avoid mistakes in benefit and retirement planning.

We examine employee benefits programs in terms of three fundamental roles:

- (1) Protection programs which provide family benefits, promote health and guard against income loss due to catastrophic factors such as unemployment, disability and serious illness;
- (2) Paid time-off policies which compensate employees when they are not performing their primary work duties, for example during vacations and holidays;
- (3) Accommodation and enhancement benefits which promote opportunities for employees and their families, including flexible work arrangements and educational assistance.

Most people work for a living either currently have or will likely have access to at least one employee benefit. This course will help you to understand both the employee’s perspective on employee benefits as well as the employer’s rationale for offering them.

COURSE MATERIALS

Required Course Text

Joseph J. Martocchio

Employee Benefits, 6th edition

McGraw Hill Education, 2018 (ISBN 9781259712289)

Each student should own a copy of the current edition (no sharing). We DO NOT support earlier editions, which can differ significantly from the current edition.

Required Calculator

You will need a calculator for this course capable of performing basic time-value-of-money (TVM) calculations. Financial calculators enable you to perform these calculations using pre-programmed functions and are preferred.

Classroom - Lecture and Class Discussion - Materials

Most class sessions will combine lecture with class discussion, organized around key topics covered in the reading assignments. At times, our discussion may focus on key questions and problems raised by the material, or involves us in practical exercises, and small-case situations.

Lectures may be accompanied by PowerPoint slides. When used, the PowerPoint slides will be posted to the course website. Problem assignments will also be posted to the website. Please be sure to check the website frequently for new postings.

Learning Objectives

By the end of the course, students should be able to:

1. Define and explain the meaning of employee benefits. Explain the three fundamental roles played by employee benefits. Distinguish between legally required benefits and discretionary benefits. Describe how employee benefits fit into the total compensation system.
2. Explain the employee relationship as an exchange relationship. Describe the psychology regarding why firms provide employee benefits. Explain how employee perceptions of justice influence employee benefit practices. Describe the economic rationale for why companies offer employee benefits, and the tradeoff made by employees to pay for benefits.
3. Explain the need for government regulation of employment. Describe the major government statutes that impact the design of employee benefit plans, noting in particular the Internal Revenue Code (IRC) and the Employment Retirement Income Security Act of 1974 (ERISA).
4. Describe how Employer-Sponsored Retirement Plans are defined. Explain the differences between qualified and nonqualified plans. Describe the major features of defined benefit plans and defined contribution plans. Identify the specific types of defined contribution plans.

5. Explain the fundamentals of employer-sponsored health care plans. Describe federal and state laws influencing employer-sponsored health care plans. Distinguish among the major health plan alternatives. Describe common features of employer-sponsored health care plans and benefits provided.
6. Describe the need and origins of disability insurance and workers compensation. Explain the three types of benefits that provide financial support for disabled workers or deceased workers' families: employer-sponsored disability plans; employer-sponsored life insurance plans; state-compulsory workers compensation laws.
7. Explain the need and origins of Social Security. Describe the structure and benefits of Old-Age, Survivor, and Disability Insurance (OASDI) programs and Medicare programs. Explain the financing of OASDI and Medicare. Describe federal-state unemployment insurance programs, eligibility requirements and benefits.
8. Explain the rights bestowed on workers of the Family and Medical Leave Act of 1993 and the Act's key provisions. Explain the rationale for offering Accommodation and Enhancement Benefits. Describe the benefits provided by Employee Assistance Programs, Family Assistance Programs and Educational Assistance Programs.
9. Explain the two approaches used to manage the employee-benefit system. Describe the main differences between traditional and the flexible approaches. Describe the keys to communicating employee benefit programs. Explain alternative methods to manage employee benefit costs, and the potential role of outsourcing.

COURSE REQUIREMENTS

The course grade will be based on the following components: 4 problem assignments, two exams during the semester, a final exam and class participation. The weighting of the components will be as follows:

Problem Assignments	100 points
Exam 1	100 points
Exam 2	100 points
Final Exam	100 points
Class Participation	<u>100 points</u>
Total	<u>500 points</u>

Problem Assignments

During the course, you will complete **4 problem assignments**. These assignments will each be worth 25 points, or one-fourth of the aggregate score for this grade component. Each assignment is to be completed on an **individual basis** (no group products!).

Exams

Three examinations will be given during the course: two exams during semester and the final exam. Each exam will cover roughly one third of the course material. The final exam will not be cumulative.

Exams will evaluate the student's understanding of key concepts, and the ability to apply basic tools to common problems. Questions will provide reasonably even coverage of the text chapters assigned for the relevant segment of the course. Material may also be drawn from lecture materials and class discussion. Question format may include multiple-choice, short answer conceptual and quantitative questions.

Class Participation

Class participation is a fundamental requirement of the course. I start with the assumption that you have read the assigned material prior to class. I expect you will arrive to class ready to apply your knowledge and your ability to add value to whatever topics that may arise in class discussion. I will grade student class participation according to the following scale:

- 3: In class but sleeping, or not paying attention or engaging in activities not related to our class (e.g., texting, surfing the internet, doing assignments for other classes, etc.)
- 2: Absent from class
- 1: In class, but showed lack of preparation in response to questions
- 0: In class, but did not participate
- 1: In class and participated effectively
- 2: In class and added significant insight

Grade Scale

If you achieve an overall percentage in the ranges below, you will receive the letter grade associated with that range.

Letter	Percentage
A	93-100
A-	90-92.9
B+	87-89.9
B	83-86.9
B-	80-82.9
C+	77-79.9
C	73-76.9
C-	70-72.9
D+	67-69.9
D	60-66.9
E	0-59

Student Responsibilities

Students are expected to:

- spend a minimum of two hours outside of class studying for each hour of classroom time;
- exhibit classroom behavior that is respectful to faculty and fellow students;
- refrain from the use of phones and other electronic equipment during class, unless permitted by the instructor;
- arrive at class on time, actively participate in class, and not leave class early;
- keep up with assigned readings and complete assignments on time;
- abide by the University standards on academic conduct.

ACADEMIC MISCONDUCT

In accordance with University Faculty Rule No. 3333-5-487, all instances of alleged academic misconduct must be reported to the Committee on Academic Misconduct, which recommends appropriate sanctions to the Office of Academic Affairs. We aggressively pursue violations of University standards on academic conduct.

DISENROLLMENT

The Fisher College of Business aggressively enforces University attendance rules. Pursuant to University Rule 3335-8-33, a student may be “disenrolled” from a course for failure to attend by the first Friday of the term, by the third instructional day of the term, or by the second class meeting, **whichever occurs first**.

POLICY ON EXTRA CREDIT

Extra credit will not be offered. If a student wishes to improve his or her grade at the end of the course, extra credit will not be available for this purpose. *This policy is strictly enforced.*

COURSE SCHEDULE

All **chapter** reading assignments refer to Employee Benefits, 6th edition by Joseph J. Martocchio, course text.

Class Dates	Activities – Topics – Requirements
January 8	Overview of Employee Benefits, part 1 Course Overview Chapter 1 – Introducing Employee Benefits, p. 1-15
January 10	Overview of Employee Benefits, part 2 Chapter 1 – Introducing Employee Benefits, p. 16-29
January 15	Foundations of Employee Benefits, part 1 Chapter 2 –The Psychology & Economics of Employee Benefits, p. 31-42
January 17	Foundations of Employee Benefits, part 2 Chapter 2 –The Psychology & Economics of Employee Benefits, p. 42-57
January 22	Government Regulation of Employee Benefits, part 1 Chapter 3 – Regulating Employee Benefits, p. 61-74
January 24	Government Regulation of Employee Benefits, part 2 Chapter 3 – Regulating Employee Benefits, p. 74-87 Problem Assignment 1 Due
January 29	Employer Sponsored Retirement Plans, part 1 Chapter 4 –Origins of Employer Sponsored Plans, Qualified vs. Non-Qualified Distinction, Defined Benefit Plans, p. 91-106

Class Dates	Activities – Topics – Requirements
January 31	Employer Retirement Plans, part 2 Chapter 4 – Defined Contribution Plans, p. 106-112
February 5	Employer Retirement Plans, part 3 Chapter 4 – Hybrid Plans, p. 112-123
February 7	Review Session 1: Chapters 1, 2, 3, 4
February 12	Exam 1 Covers: Chapters 1, 2, 3, 4
February 14	Employer Health Plans: Origins, Regulation, Types of Medical Expense Benefits, Health Plan Alternatives, part 1 Chapter 5 – Employer Sponsored Health Plans, p. 127-148
February 19	Employer Health Plans: Features of Health Plans, Consumer-Driven Health Care, Other Health Care Benefits Chapter 5 – Employer Sponsored Health Plans, p. 148-166
February 26	Employer Disability Insurance, Life Insurance and Workers Compensation, part 1 Chapter 6 – Employer Sponsored Disability Insurance and Life Insurance and Workers Compensation, p. 167-178
February 28	Employer Disability Insurance, Life Insurance and Workers Compensation, part 2 Chapter 6 – Employer Sponsored Disability Insurance, Life Insurance and Workers Compensation, p. 178-9.189
March 5	Social Security Programs, part 1 Chapter 7 – Government-Mandated Social Security Programs, p. 191-207 Problem Assignment 2 Due
March 7	Social Security Programs, part 2 Chapter 7 – Government-Mandated Social Security Programs, p. 207-216
March 12 March 14	SPRING BREAK – NO CLASS
March 19	Paid Time-Off and Flexible Work, part 1 Chapter 8 – Paid Time-Off and Flexible Work Schedule Benefits, p. 219-230
March 21	Paid Time-Off and Flexible Work, part 2 Chapter 8 – Paid Time-Off and Flexible Work Schedule Benefits, p. 230-239

Class Dates	Activities – Topics – Requirements
March 26	Review Session 2: Chapters 5, 6, 7, 8
March 28	Exam 2 Covers: Chapters 5, 6, 7, 8
April 2	Accommodation/Enhancement Benefits, part 1 Chapter 9 – Accommodation and Enhancement Benefits, p. 243-252 Problem Assignment 3 Due
April 4	Accommodation/Enhancement Benefits, part 2 Chapter 9 – Accommodation and Enhancement Benefits, p. 252-264
April 9	Managing Employee Benefits, part 1 Chapter 10 – Managing the Employee-Benefits System, p. 267-279
April 11	Managing Employee Benefits, part 1 Chapter 10 – Managing the Employee-Benefits System, p. 279-287
April 16	Nonqualified Deferred Compensation for Executives, part 1 Chapter 11 – Nonqualified Deferred Compensation Plans for Executives, p. 289-299
April 18	Nonqualified Deferred Compensation for Executives, part 2 Chapter 11 – Nonqualified Deferred Compensation Plans for Executives, p. 299-310 Problem Assignment 4 Due
April 22	Review Session 3: Chapters 7, 8, 9, 10, 11
April 29	Final Exam – 8:00 to 9:45 mm Covers Chapters 7, 8, 9, 10, 11

The course schedule is subject to change at the instructor's discretion. Students will be given prior notice of any changes to the schedule.

The instructor also reserves the right to correct any content or administrative errors in this syllabus at any time, with appropriate notice.