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Benefits

A fringe benefit is form of non-wage compensation for employee services. While employers are generally required by law to provide a few “mandatory benefits,” most farmers and ranchers give one or more others. The various fringe benefits offered in addition to monetary wages include food, housing, heat, pension plans, flexible work hours, sick leave, holidays, vacation time, medical insurance, dental insurance, vision care, paid utilities, free lunches, gasoline and car repairs, interest-free loans, term life insurance, and use of vacation homes. These “optional benefits” are more frequently provided to year-round employees than to seasonal workers. Laws and administrative logistics generally prevent individualizing benefit packages for people within the same class.

For production employees, a comprehensive benefits package typically amounts to 25 to 40 percent of the total wages or salary paid. While most employees do not realize the value of the benefits they receive, benefits, or the lack of them, are often the impetus for an employee to leave for another job.

Questions for assessing the benefits package

- How does your benefit package compare with the legal requirements and what other local employers offer?
- Have employee needs been factored into composition of the benefits package?
- What is the cost of benefits you provide, individually and in total? When did you last see if less expensive, equally beneficial alternatives are available?
- Do you discuss the nature and value of benefits with employees at the time of hire, during orientation, in periodic salary review, or at other times?
- Do employees receive printed information about their benefits in a company handbook, employment understanding statement, wage statements, or other forms?
- Could any benefits be dropped with little or no effect on employees?
- Would addition of any new benefit have effects worth at least as much as its cost?