

How to Use This Manual

Human resources is an increasingly more complex function to manage. Businesses nationwide continue downsizing, banks are merging at an unprecedented pace, sexual harassment suits are on the rise, and since the enactment of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Americans with Disabilities Act, and the Family and Medical Leave Act, employers are subject to rules (coordination requirements) that even the courts are still figuring out.

To add to the unsettling climate is the uncertainty surrounding solutions to health care reform and affirmative action. There also are still the issues of controlling human resources costs, of employee compensation, employee benefits, and general employment practices. Senior bank management recognizes that human resources administration must be part of its bankwide strategic planning process.

Bank Compensation and Benefits Manual helps ease the process of human resources administration. It guides you through the legislated requirements of the major aspects of the employee-employer relationship and provides a state-by-state guide to compliance with major human resources regulations. The manual addresses discretionary benefits that are not required by law, but which have a controlling set of regulations once enacted by an employer. The manual also discusses compensation and benefit practices including the practical day-to-day application of key management strategies and responsibilities.

Bank Compensation and Benefits Manual is divided into the following chapters:

PART I — COMPENSATION PROGRAMS

Chapters 1 through 7.1 help you develop a strategic compensation program taking into account budget planning and control, job information and evaluation, administering a salary program, competency-based pay, and measuring the effectiveness of branch training. When deciding what type of program is appropriate, bankers should keep in mind that no compensation program is universally best. The uniqueness of each organization — its business strategies, culture, structure, history, products, markets, operating methods, and many other characteristics — requires a program specifically designed to meet those individual needs.

PART II — BENEFITS

- Chapter 8, “Design, Costing, and Administration of Benefit Programs,” discusses designing the benefit program and defined contribution plans, death benefits, benefits for part-time employees, and benefits for domestic partners. It covers benefits administration, employee records, record retention, administering defined benefit, pension and capital accumulation and insurance plans, communicating with employees, and regulatory changes. Discussion includes Health Insurance Portability and Accountability Act of 1996 (HIPAA) requirements, certification, special enrollment periods, and nondiscrimination standards.
- Chapter 9, “Medical and Health Care Benefit Plans,” discusses federal health care legislation governing the Health Insurance Portability and Accountability Act of 1996, including preexisting conditions, exclusions, health status, and guaranteed renewability. It discusses Medical Savings

Accounts, operational rules and other medical coverage, long-term care insurance, the Mental Health Parity Act, Newborn and Mothers' Health Protection Act, and other health care and related benefits. It examines various state health care benefits regulations, administrative practices to manage benefits programs, including combining various benefits into flexible packages to control costs and promote employees' choice, medical and dental plans, general coverage provisions, cost containment strategies, managed care programs, hospitalized patients, extended hospitalization, preferred provider plans, qualified medical child support orders, reporting requirements for health care plans, retiree health funding and plan design.

- Chapter 10, "Death Benefits, Disability Income, and Long-Term Care," examines death benefits, group term life insurance, accidental death and dismemberment, and other insurance, as well as disability income.
- Chapter 11, "Savings and Pension Plans," reviews types of plans, pay for pension purposes, credited services and vesting. It covers general concepts of funding, typical plan provisions, funding, defined contribution pension plans, defined benefit plans, and benefits formulas.
- Chapter 12, "Required Employee Benefits," reviews social security, workers' compensation, and unemployment compensation.
- Chapter 13, "Paid and Unpaid Leave," discusses the Fair Labor Standards Act, how to develop a time off from work policy, and what topics should be covered in the policy, such as holidays, vacations, and personal absences. The chapter also contains a state-by-state guide to time off from work.
- Chapter 14, "Discretionary Benefit Programs," discusses the most commonly offered benefits that are not mandated by law, such as vision care, prescription drug plans, child care assistance, tuition-aid plans, employee assistance programs, extended military leave, and employee stock purchase plans, among others. It provides a summary of the controlling set of regulations for each benefit once an employer enacts it. It also discusses options for benefits design, implementation, and administration.
- Chapter 15, "Work/Life Benefits," discusses the benefits that help employees balance their work and non-work lives. These benefits include flexible work arrangements, time-off benefits, domestic partner benefits, and child and elder care support.
- Chapter 16, "Costing Employee Benefits," shows how to use cost-per-hour method to calculate costs of benefits.