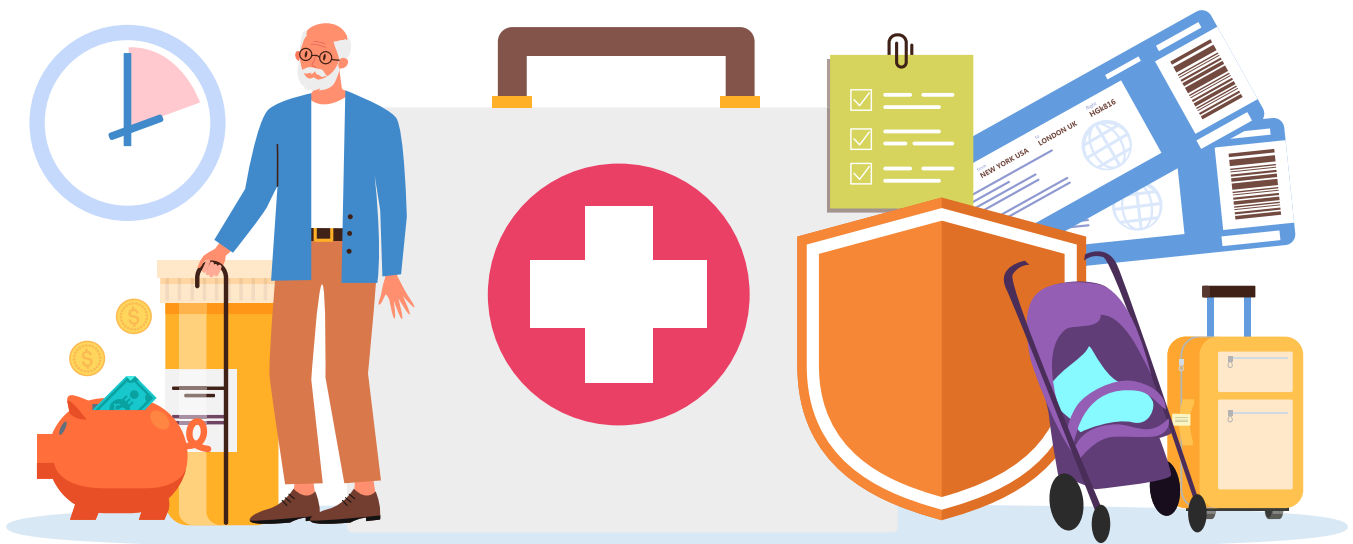


Creating Good Jobs: Budgeting for Benefits

Investing in employee benefits is an effective strategy to help hire and keep the people you need to power your business.



Offering good benefits is an opportunity to develop engaged, loyal, productive staff. Benefits meet important needs of employees, helping them create greater stability and security in their lives which in turn allows them to be more reliable and focused employees. When employees are doing well, so is your business.

As a business owner, budgeting for benefits also helps you:

- » **Make informed decisions:** A benefits budget encourages you to think about which benefits are most valuable for both the business and the employees, leading to choices that support your business growth and sustainability.
- » **Meet legal requirements:** Some benefits are required by law, like payroll taxes or certain healthcare regulations for businesses of a certain size. Budgeting helps businesses follow these rules without facing penalties.
- » **Manage cash flow:** The cost of benefits can change, especially things like health insurance costs. Proper budgeting helps you handle these fluctuating expenses throughout the year.
- » **Plan for growth:** As your business grows and hires more employees, federal and state regulations may change. Budgeting helps plan for any increased costs as you expand.

What are the benefits you should budget for?

The term “benefits” refers to compensation beyond what your employees earn in standard wages. Some are required by law and some are not. It is important that you reference both state and federal regulations when determining which your business may be required to offer.

Benefits include the following:

1. Legally required benefits: FICA contributions, federal and state unemployment insurance and worker’s compensation
2. Insurance: life, health, disability, dental and vision*
3. Paid Leave: holiday, sick, personal, and vacation days**
4. Supplemental pay: overtime, bonus, and commissions
5. Retirement and savings: 401k, Simple IRA, and others

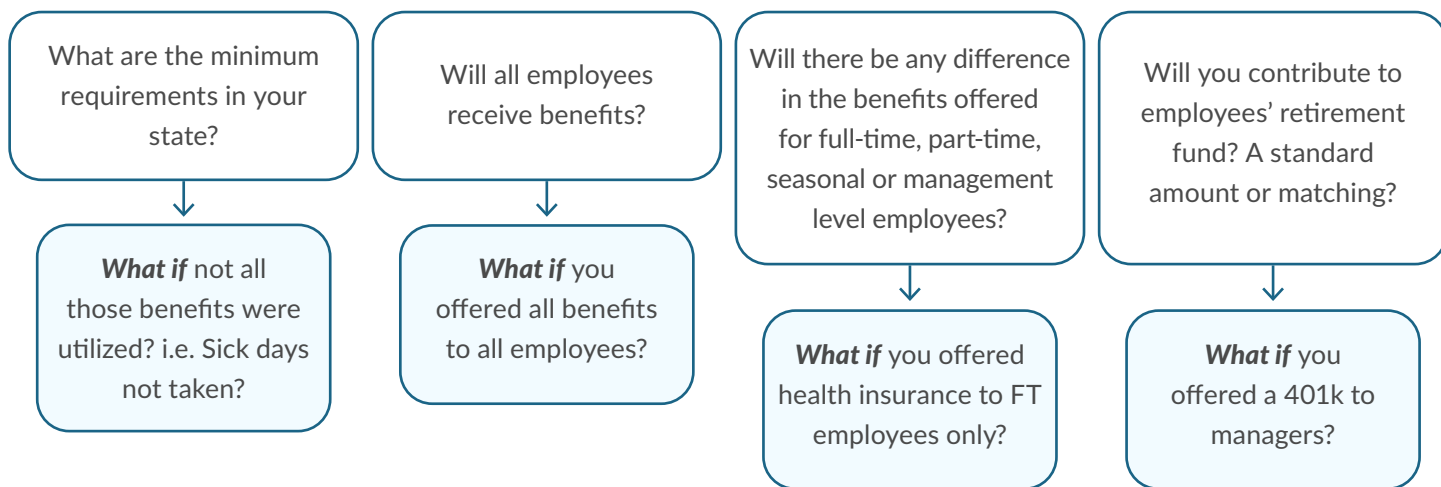
It is estimated that benefits add roughly 30% on top of wages, so planning for them is key to providing valuable options while managing your operational costs. Use the calculator below to start to identify what benefits may cost on a monthly and annual basis. Keep in mind that not every business is the same and you’ll want to think about your specific business model and what state laws may affect your small business.

**Health insurance may also be required if you have 50 or more full-time employees. Talk to a healthcare professional if you are unsure about your business needs.*

***Not to be confused with unpaid leave and the federal Family Medical and Leave Act (FMLA). Check your state’s labor laws for any state requirements.*

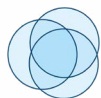
What are scenarios to consider?

You have lots of options when it comes to choosing employee benefits. Giving good benefits supports your employees and can help your business stand out from other employers. Think about possible options to determine what fits within your business and financial goals.



Disclaimer: The information provided above is for informational purposes only. Your business scenario is unique and not all scenarios will apply. Be sure to talk to qualified industry professionals regarding the details of your business.

Use Benefit Calculator



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Budgeting for Benefits Calculator

How to use this: Working top to bottom, input your business information into the yellow shaded cells. The non-shaded cells will be automatically calculated.

Employee Inputs: Fill in the number of employees that fall within each category listed, the average hourly pay, and average hours worked per week. Then, enter expected amounts for both commissions and bonuses.

Type of Employees	Number of Employees	Average Hourly Pay	Estimated Hours/Week	Total Pay/Month	Total Pay/Year
Owner(s)					
Management					
Full-Time					
Part-Time					
Overtime					
			Average Weekly		
Commission Paid					
Bonuses Paid					
Total Salaries and Wages					

**All Calculations are based on 52 weeks per year.*

Payroll Tax Inputs: Employers are required to withhold an employees' Social Security taxes from paid wages AND contribute an equal amount. Federal tax rates are already included here. Confirm if Worker's Compensation is required in your state, what the rate is, and what the unemployment tax is. Enter those tax rates in each corresponding box for the % contribution. Be sure to visit the [IRS website](#) for information on employment taxes when unsure. **Cost calculations will be based on inputs above.**

Payroll Taxes - Legally Required Benefit	Monthly Cost	Annual Cost
Social Security	6.20%	
Medicare	1.45%	
Federal Unemployment Tax (FUTA)	6.00%	
State Unemployment Tax (SUTA) *		
Worker's Compensation		
Total Employment Tax Costs		

**Reference most recent state rates here.*

NOTE: FUTA and SUTA calculations assume tax on max of \$7,000 in wages annually per employee.

Paid Time Off Inputs: Enter number of eligible employees, number of days given annually in each PTO category. Be aware of ESTA, Family and Medical Leave Requirements that may apply to your business.

Paid Time Off (PTO) - Optional Benefit*	Number of Employees	Number of days given per year		Monthly Cost	Annual Cost
Vacation					
Sick Time					
Holidays					
Family					
Personal					
Other					
Total PTO Costs					

PTO ASSUMPTIONS TO NOTE: This calculation assumes: 1) all PTO would be taken each year; 2) that you will have to cover the cost of additional staff that will fill in for employees that are off; and 3) no distinction between PTO for FT or PT employees. Please adjust entries to fit your business.

Retirement Inputs: The average salary for the employees will populate based on the employee inputs above. Decide which method you use below - salary percentage or flat contribution - and enter in corresponding inputs.

Retirement Plan - <i>Optional Benefit</i> *				Monthly Cost	Annual Cost
Salary Based Retirement Plan Contributions	Number of Employees Eligible	Average Annual Salary	Employer Contribution		
Owner(s)					
Management					
Full-Time Employees					
Part-Time Employees					
Fixed Retirement Plan Contributions	Number of Employees Eligible		Monthly Contribution Per Employee		
Owner(s)					
Management					
Full-Time Employees					
Part-Time Employees					
Total Retirement Plan Costs					

Insurance Inputs: Enter in the number of employees participating in health insurance, the monthly premium per person and % of the premium you will be covering. NOTE: If family options are offered that is a separate entry in the line below each insurance type.

Insurance - <i>Optional Benefit</i> *	Number Participating	Monthly Premium	Percent of Premium Paid by You	Monthly Cost	Annual Cost
Medical - Employee only					
Family plan					
Dental - Employee only					
Family plan					
Vision - Employee only					
Family plan					
Disability					
Life					
Other					
Total Insurance Costs					

Total Cost of Benefits and Perks: The template calculates total benefit costs based on all previous inputs apply to your business. If you are offering perks to employees you can also enter estimated costs in the last chart. This calculation will illustrate total cost including any perks you entered.

Total Cost of Benefits		
Offering Perks? <i>Insert each description below</i>	Monthly Cost	Annual Cost
Healthy memberships		
Total Cost of Benefits AND Perks		

**These benefits may be required if minimum number of employees or workhours are met. Please check state and federal regulations.*