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### **FRINGE BENEFITS: ANYTHING BUT FRINGE THESE DAYS**

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Fall is the traditional time employees sign up for or change existing benefit plans. With a tight labor market, employers are offering attractive fringe benefits. Yet many workers, particularly younger employees, don't pay as much attention as they should in this area, say many financial planners. So whether it's "open enrollment" time at work, or you're looking to switch employers, review your options carefully.

Retirement benefits. If your employer offers a company-sponsored retirement plan such as a 401(k), snap it up. Social Security won't provide much of a retirement life all by itself and regular company-paid pension plans are harder to find. Building your retirement nest egg is up to you. Smaller employers don't always offer these plans, but most midsize and large employers do. Your contributions and earnings are tax deferred, and plans that match your contributions are an especially good deal.

Health insurance. The vast majority of employers offer some kind of health care coverage. You may have a choice of plans. Review major life changes over the last year, such as getting married or having a child. A different plan than you had last year might be a better choice. Before switching, though, see if your doctor is covered under the new plan and find out how other employees fared under the plan.

Flexible spending accounts. FSAs can be used to pay for medical or dependent care expenses on a tax-favorable basis, yet many employees fail to take advantage of FSAs when they are offered. Here's how they work. You tell your employer how much to deduct from your paycheck each month for deposit in the account, say for a medical account. When out-of-pocket expenses occur, you withdraw money from the account to pay for it. The tax break is that the money set aside in the account is not subject to income or Social Security tax, so the government in essence helps underwrite your expenses. The only tricky part is that if you

don't spend all the money in the account for legitimate expenses by the end of the benefit year, you forfeit the leftovers to the employer. Still, with careful planning, FSAs are an excellent benefit.

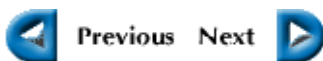
Although dependent care accounts are used most commonly for children, they sometimes can be used to cover expenses for anyone whom you claim as a dependent on your income taxes, such as an aging parent or a disabled spouse.

Disability insurance. You're more likely to be disabled during your working years than to die. Even if you already receive some disability coverage at work, you probably should have additional coverage, which you may be able to buy through work, say Certified Financial Planner professionals.

Life insurance. You'll want this if people depend on you financially. You also may be able to buy coverage for your spouse or children. Plus, group coverage is often easier to get than buying on your own.

Miscellaneous benefits. Employers increasingly are offering benefits you might not even be aware of, but which can be very valuable. For example, according to a recent study by Hewitt Associates, a management consulting firm, one third of large employers offer adoption benefits. They'll help pay for your adoption expenses up to an average maximum of \$3,100, says Hewitt.

Elder care programs also are on the rise. Besides dependent care accounts, companies are providing such assistance as referral services and counseling, and the option of buying long-term care insurance. However, many planners suggest comparing company-sponsored long-term care insurance with outside sources. You may find better deals.



Does your employer offer financial and legal services? Though numbers remain small, some companies provide financial planning programs, such as seminars on retirement, specific personal advice or hotlines. Prepaid legal advice for basics such as wills or telephone advice on specific issues also is on the rise.

Companies offer other "small print" benefits too numerous to discuss here, such as frequent flyer miles, discounted airline or hotel fares, cell phones and computers, and concierge services. To find out what benefits are offered, read the benefits information from your employer and put questions to the human resources department.

As for choosing which benefits make the most sense for you—such as which health care option to choose—talk with your

CFP professional. These benefits can be worth thousands of dollars.

This column is produced by the San Diego Chapter of the Financial Planning Association. We can be a continued resource for your personal finance coverage. If you use this column in whole or part, please credit the chapter or one of our Certified Financial Planner members.

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