

BUSINESS FINANCE 4312

EMPLOYEE BENEFITS AND RETIREMENT PLANNING

Course Syllabus

Autumn Semester 2021
TTH, 11:10 AM-12:30 PM
060 Denny Hall

Instructor: George D. Krempley
E-Mail: krempley.1@osu.edu
Office Phone: (614) 292-0160
Cell Phone: (614) 937-8964
Office: 301 B, Fisher Hall
Office Hours: 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.

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: 3 problem assignments, two exams during the semester, a final exam and class participation. The weighting of the components will be as follows:

3 Homework Assignments	60 points
Midterm Exam	80 points
Student Presentation/Paper	50 points
Final Exam (cumulative)	120 points
Class Participation	<u>40 points</u>
Total	350 points

Homework Assignments

During the course, you will complete **3 homework assignments**. These assignments will each be worth 20 points. Each assignment is to be completed on an **individual basis**.

Exams

Two examinations will be given during the course: a mid-term exams scheduled approximately half way through the semester and the final exam. The final exam will be cumulative. Material from Chapter 12 will not be included in the final.

Exams will evaluate the student's understanding of key concepts, and the ability to apply material learned to common Employee Benefit problems. Questions will relate to 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 and short answer, conceptual questions.

Student Presentations

Each student will be responsible to give a one presentation this semester. Along with your presentation, you will be responsible to write a brief paper that summarizes your topic. Your presentation should be between 10-15 minutes long. The supporting paper should be 2-4 pages long. The topic will be of your own choosing, but it should relate to a current and/or ongoing issue in employee benefits. I will review each paper and provide you individual feedback in Carmen, explaining explain how I graded your efforts. Students will make their presentations during the two classes of the semester that precede the final class.

Class Attendance

You are strongly encouraged to attend all classes.

- However, students will be allowed to miss 3 (three) classes at their discretion.
- The only specific classes you are required to attend are classes in which either a quiz or an exam is scheduled.
- Should your absences exceed 3, each additional absence will negatively affect your class participation grade.
- The participation grade will take into account (a) Attendance at class (b) Responses to instructor questions (c) Participation in full class discussions, d) Participation in any breakout discussions.

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 accordingly.

Credit Hours and Work Expectations:

This is a 3-credit-hour course. According to [Ohio State policy](#), students should expect to spend approximately 3 hours per week of time in direct instruction, plus 6 hours of study and homework outside of the classroom. It is expected that students will complete readings assignments prior to the class in which they are scheduled to be discussed.

Grading 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

ACADEMIC INTEGRITY

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University's Code of Student Conduct, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University's Code of Student Conduct (<https://trustees.osu.edu/bylaws-and-rules/code>) and this syllabus may constitute Academic Misconduct (<https://oaa.osu.edu/academic-integrity-and-misconduct>)

The Ohio State University's Code of Student Conduct (Section 3335-23-04) defines academic misconduct as: Any activity that tends to compromise the academic integrity of the University, or subvert the educational process. Examples of academic misconduct include (but are not limited to) plagiarism, collusion (unauthorized collaboration), copying the work of another student, and possession of unauthorized materials during an examination. Ignorance of the University's Code of Student Conduct is never considered an excuse for academic misconduct, so I recommend that you review the Code of Student Conduct and, specifically, the sections dealing with academic misconduct.

If I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the University's Code of Student Conduct (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University. If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

SAFETY AND HEALTH REQUIREMENTS

Teaching staff and students are required to comply with and stay up to date on all University safety and health guidance, which includes wearing a face mask in any indoor space and maintaining a safe physical distance at all times. Non-compliance will be warned first and disciplinary actions will be taken for repeated offenses.

DISABILITY SERVICES

The university strives to make all learning experiences as accessible as possible. In light of the current pandemic, students seeking to request COVID-related accommodations may do so through the university's [request process](#), managed by Student Life Disability Services. If you anticipate or experience academic barriers based on your disability (including mental health, chronic, or temporary medical conditions), please let me know immediately so that we can privately discuss options. To establish reasonable accommodations, I may request that you register with Student Life Disability Services. After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. SLDS contact information: slds@osu.edu; 614-292-3307; slds.osu.edu; 098 Baker Hall, 113 W. 12th Avenue.

Students with the following exam accommodations may schedule to take their exams at SLDS:

- Accessible formats (e.g. braille, large print, screen-free)
- Assistive technology (e.g. JAWS, CCTV)
- Private testing room accommodation
- Test assistant (reader or scribe)

COURSE TECHNOLOGY

For help with your password, university email, Carmen, or any other technology issues, questions, or requests, contact the Ohio State IT Service Desk. Standard support hours are available at ocio.osu.edu/help/hours, and support for urgent issues is available 24/7.

- **Self-Service and Chat support:** ocio.osu.edu/help
- **Phone:** 614-688-4357(HELP)
- **Email:** servicedesk@osu.edu
- **TDD:** 614-688-8743

Baseline technical skills

- Basic computer and web-browsing skills
- Navigating Carmen: for questions about specific functionality, see the [Canvas Student Guide](#).

Required equipment

- Computer: current Mac (OS X) or PC (Windows 7+) with high-speed internet connection
- Other: a mobile device (smartphone or tablet) or landline to use for BuckeyePass authentication

Required software

- [Microsoft Office 365](#): All Ohio State students are now eligible for free Microsoft Office 365 ProPlus through Microsoft's Student Advantage program. Full instructions for downloading and installation can be found [at go.osu.edu/office365help](https://go.osu.edu/office365help).

Carmen access

You will need to use [BuckeyePass](#) multi-factor authentication to access your courses in Carmen. To ensure that you are able to connect to Carmen at all times, it is recommended that you take the following steps:

- Register multiple devices in case something happens to your primary device. Visit the [BuckeyePass - Adding a Device](#) help article for step-by-step instructions.
- Request passcodes to keep as a backup authentication option. When you see the Duo login screen on your computer, click **Enter a Passcode** and then click the **Text me new codes** button that appears. This will text you ten passcodes good for 365 days that can each be used once.
- Download the [Duo Mobile application](#) to all of your registered devices for the ability to generate one-time codes in the event that you lose cell, data, or Wi-Fi service.

If none of these options will meet the needs of your situation, you can contact the IT Service Desk at 614-688-4357 (HELP) and IT support staff will work out a solution with you.

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

The schedule is shown *below*. It shows a detailed timeline, with activities and dates for each module. All chapter readings refer to the course text: Employee Benefits, 6th edition by Joseph J. Martocchio. The course schedule will also be posted as a separate item on the course website.

Class Dates	Activities – Topics – Requirements
Tues 8/24	Overview of Employee Benefits, part 1 Course Overview Chapter 1 – Introducing Employee Benefits, p. 1-15
Thurs 8/26	Overview of Employee Benefits, part 2 Chapter 1 – Introducing Employee Benefits, p. 16-29
Tues 8/31	Foundations of Employee Benefits, part 1 Chapter 2 –The Psychology & Economics of Employee Benefits, p. 31-42
Thurs 9/2	Foundations of Employee Benefits, part 2 Chapter 2 –The Psychology & Economics of Employee Benefits, p. 42-57
Tues 9/7	Government Regulation of Employee Benefits, part 1 Chapter 3 – Regulating Employee Benefits, p. 71-77
Thurs 9/9	Government Regulation of Employee Benefits, part 2 Chapter 3 – Regulating Employee Benefits, p. 78-87 Homework Assignment 1 Due
Tues 9/14	Government Regulation of Employee Benefits, part 3 Chapter 3 – Regulating Employee Benefits, p. 74-87
Thurs 9/16	Employer Sponsored Retirement Plans, part 1 Chapter 4 –Origins of Employer Sponsored Plans, Qualified vs. Non-Qualified Distinction, Defined Benefit Plans, p. 91-106
Tues 9/21	Employer Retirement Plans, part 2 Chapter 4 – Defined Contribution Plans, p. 106-112
Thurs 9/23	Employer Retirement Plans, part 3 No In-Person class; Lecture Will Be Recorded Chapter 4 – Hybrid Plans, p. 112-123
Tues 9/28	Employer Health Plans, part 1 Chapter 5 – Employer Sponsored Health Plans, p. 127-142 Homework Assignment 2 Due
Thurs 9/30	Employer Health Plans, part 2 Chapter 5 – Employer Sponsored Health Plans, p. 142-152

Class Dates	Activities – Topics – Requirements
Tues 10/5	Employer Health Plans, part 3 Chapter 5 – Employer Sponsored Health Plans, p. 152-166
Thurs 10/7	Employer Disability Insurance, Life Insurance and Workers Compensation, part 1 Chapter 6 – Employer Sponsored Disability Insurance and Life Insurance and Workers Compensation, p. 167-173
Tues 10/12	Midterm Review Session Review of material from Chapters 1, 2, 3, 4 and 5
Thurs 10/14	Autumn Break No class
Tues 10/19	Midterm Exam Covers: Chapters 1, 2, 3, 4 & 5
Thurs 10/21	Employer Disability Insurance, Life Insurance and Workers Compensation, part 2 Chapter 6 – Employer Sponsored Disability Insurance, Life Insurance and Workers Compensation, p. 173-178
Tues 10/26	Employer Disability Insurance, Life Insurance and Workers Compensation, part 3 Chapter 6 – Employer Sponsored Disability Insurance, Life Insurance and Workers Compensation, p. 178- 189
Thurs 10/28	Social Security Programs, part 1 Chapter 7 – Government-Mandated Social Security Programs, p. 191-207
Tues 11/2	Social Security Programs, part 2 Chapter 7 – Government-Mandated Social Security Programs, p. 207-216
Thurs 11/4	Paid Time-Off and Flexible Work, part 1 Chapter 8 – Paid Time-Off and Flexible Work Schedule Benefits, p. 219-230
Tues 11/9	Paid Time-Off and Flexible Work, part 2 Chapter 8 – Paid Time-Off and Flexible Work Schedule Benefits, p. 230- 239
Thurs 11/11	Veterans Day No class Homework Assignment 3 Due – 11/12/21
Tues 11/16	Accommodation/Enhancement Benefits, part 1 Chapter 9 – Accommodation and Enhancement Benefits, p. 243-252
Thurs 11/18	Accommodation/Enhancement Benefits, part 2 Chapter 9 – Accommodation and Enhancement Benefits, p. 252-264

Class Dates	Activities – Topics – Requirements
Tues 11/23	Managing Employee Benefits Chapter 10 – Managing the Employee-Benefits System, p. 267-287
Thurs 11/25	Thanksgiving Holiday No Class
Tues 11/30	Nonqualified Deferred Compensation Chapter 11 – Nonqualified Deferred Compensation Plans for Executives, p. 289-307
Thurs 12/2	Student Presentations
Tues 12/7	Student Presentations

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.

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