CHAPTER 15

Constructing Retirement and Benefits Plans

# Chapter Objectives (C.O.)

After reading this chapter you will be able to:

C.O.1: Review the new world of employee retirement plans.

C.O.2: Review the new world of health benefits provided by the government and employers.

C.O.3: Illustrate the new world of family-friendly organizational practices.

# Before applying, let’s review

**C.O. 1: The new world of funding pension benefits.** In the new world of employee pension plans, there are fears that pension plans do not have the financial resources to pay retirees during their years of retirement. In the emerging landscape following the financial crisis, many Defined Benefits (DB) plans, stalwart of retirement plans since the early 20th century, have been terminated or adjusted to include defined contribution components. Even with these adjustments, employees are being asked to take more responsibility in funding their retirement and consider their own investment plans.

**C.O 2: The new world of funding health benefits.** The financial crisis also had profound effects on the lives of citizens around the world and tested the resilience of the health care plans. The scare in health care comes from increased expenditures due to demographic changes some of it is due to increases in benefit levels. Most developed countries, with the exception of the United States, have a fully funded or partially funded health care system, either from a form of compulsory social insurance or taxation. Governments already spend a large part of their revenue on health care and there is a growing debate to shift some of these costs to private plans and limit health care services. In seeking ways to control or manage the increasing costs of health benefits, employers are implementing a number of initiatives including: shifting costs to consumers, educating consumers on costs, taking steps to improve employee education and wellness, using flexible benefits programs.

**C.O. 3: The new world of work-family benefits.** While studies assessing the impact of work-family practices on work-family conflict and family enrichment are mixed, the value of work-family programs might be partially related to the employee’s perception of the relationships in the work environment they work in. Four areas of research provide a framework for understanding whether family centered programs are likely to reduce work-family conflict. These include: the supportiveness of the supervisor, the perceptions of the organizational culture, the perceived control over work time, and perceived overload.