>> The information in this podcast is provided for general informational and educational purposes only and is not a substitute for professional advice. Accordingly, before taking any action based upon such information, you should consult with an appropriate financial, medical, legal or other professional. Hello, and welcome to the podcast, Navigating the Veterinary Profession, a show dedicated to helping veterinarians navigate life, bringing you advice on career development, personal finance and the business of veterinary medicine. Today we're your hosts, Amy Snyder.

>> And Andrew Rotz.

>> And we are talking about employer benefits, all the things --

>> All the good stuff --

>> That come along. So we know a lot of you are in the process of looking for jobs and getting offers. We always think about money, and so if you missed our last episode, that was all on compensation. But we really need to think more about our total compensation package and the other things that our employer may offer. So, Andrew, can you tell us just like, what is an employer benefit, in general?

>> Yeah, so employer benefits are these tangential items, right, that are related to kind of your overall wellbeing and your life, right, the finances of your life but aren't strictly the dollars that you're used to seeing with a typical job offer. So that's why I encourage all of our students that are doing internships and job, you know, full-time jobs, etc. and their spouses, make sure that you're asking for whatever their employer compensation package brochure is, right? So you can get pretty much all that information all at once, in addition to the written offer. And that helps us to understand things like, what are the retirement benefits? What insurance are you eligible for? What are your days off? That kind of stuff. And so we'll kind of dig into each of those items a bit more in this session. But in general, you should look at your total comp as more than just the dollars that you get paid on a month by month basis, or month to month basis, rather.

>> So what's the value of your salary plus the value of all the other added, additional benefits? Or sometimes we call this "fringe benefits," is the other word.

>> And they can significantly add up.

>> Yeah. Okay. So the question here, because I understand that there are differences between benefits that are pre-tax and post-tax. So can you describe the difference between what that is?

>> Yeah, so --

>> And why we should care.

>> We should absolutely care, right? So a pre-tax deduction is something that comes out of your income before quote-unquote "it hits your

paycheck" -- or before it hits your bank, right? So a good example of that would be actual taxes. Right? That's a pre-tax deduction -- comes out. Retirement benefits, like a traditional 401K. We're not talking Roth in this instance. Others could be commuter benefits. Could be for example, NC State offers a dependent care flex spending account. So that money comes out before taxes. The value is that you're paying for things, you're funding things that are in your financial world without having to pay taxes on them. And there are certain rules you have to follow in order to, you know, participate. But as long as you follow those rules, it's a great thing to have.

>> Okay.

>> A post-tax deduction would be something that clearly is being deducted from your paycheck after you've paid taxes on the sum of money or your employer has withheld X percent, excuse me, of your paycheck for FICA and Medicare and all those other things that the federal and state and local governments love to have.

>> Awesome. All right. So pre-tax, post-tax. Anything that's pre-tax, good thing, because it reduces their taxable earnings. So we pay less money to the government --

>> It can be, yeah. So the concept of good thing versus bad thing is very much circumstantial, right?

>> That's true. Yeah.

>> And it depends on, are you okay with paying today's tax rates on that thing? Or are you okay paying, you know, future tax rates on things? The challenge there is we have no idea what taxes are going to look like in the future, so it's more along the lines of, you know, you know what the taxes are now. Are you okay paying them? Or would you prefer delaying those taxes until later?

>> Okay. So let's dive into some of the more common employer benefits, and I know you and I see a lot when we're talking to students. So one of the things that always comes to my mind -- maybe it says more about me than it should -- but it's time off, right?

>> Yeah. Yeah.

>> So paid vacation leave, for example.

>> Right. Yeah, I mean, vacation's generally important to everybody, right? Whether that be because you're going to Comic-Con or, you know, you've got to take the day off because your kids are sick. You know, like two very broad, you know, ends of the spectrum there.

>> Andrew's taking off to go to Comic-Con.

>> I'm going to Raleigh Comic-Con, whenever that is, dressed like Pikachu, I think.

>> Very good.

>> There's a new movie coming out. So paid vacation is important, right? It gives you the flexibility to do the things that you need and want to do while you're not in the workplace but also get comp'd for it.

>> Okay. It seems like that gets offered about 80% of the time, so pretty commonly people are getting paid vacation. And I typically see somewhere in the seven to ten-day range for new graduates entering in. Obviously, that changes. So what about time off for being sick?

>> Yeah. So it's not as widely offered. Maybe about half the time, it's offered. And you might get a couple of days thrown in there. Typically, it's less than a week worth of sick days. A good, important thing to keep in mind is this type of stuff is negotiable. And so when we look at kind of going through the job offer and acceptance process, if days off are more important to you, maybe you can steer towards the higher end of the spectrum, and you've just got to recognize that they might -- you might have to give up or you may have to be okay giving up other aspects of the benefits to compensate for that. So --

>> Something I also notice, and I'm sure you do as well, with vacation days and sick days, it's to watch to see whether they can accumulate or not.

>> Yeah, so they can roll over and things like that.

>> So just things to be aware of. So a lot of times, I'll see contracts where vacation days are what I call "use it or lose it." It means they do not roll over, so that means take your vacation, because if you do not take your ten days, you lose them at the end. Sick days can also be the same.

>> It could be.

>> Sometimes sick days will accumulate. So just something to kind of look over and see.

>> They'll typically cap you at, you know, maybe one --

>> A certain amount.

>> Forty hours can roll over to the next year or something like that. So if you have one year that you're anticipating a massive vacation or, you know, maybe you're about to have a kid and you want to be able to take some extra time. Like you can plan around that, with that type of a benefit.

>> Yeah. So another thing that's pretty typical in our industry is continuing education. So time off for us to go to continuing education, as well as kind of money for continuing education.

>> Yeah, so obviously, CE is big. And that is one thing that I've seen a lot of, right? When pretty much any offer comes across the table, you

know, it's going to have a stipend of some sort. Now, the format for that might be different. They might ask for receipts versus just giving you the stipend and it's taxable income at that point. But then they'll also give you the time off to go to that conference that you need to. And these again are valuable, right? That's time off. That's networking opportunities, all those other intangible, harder to quantify benefits.

>> Yeah. And I also always think that if an employer organization is allowing you time off and money to go and to do CE, I value that and see that as a indication that the organization values learning. And so I really look for that in an employment contract. I do see it often, so usually, you know, 75% of the time, they'll offer some amount of money to compensate you for your expenses associated with CE. Fifteen hundred dollars is about average, for what I see. Unfortunately, I don't see CE time off offered as frequently -- 50 to 60% of the time, probably. Sometimes it is rolled into vacation. If it is, I get a little bit concerned about that. Again, I just think that what it says is that maybe the organization doesn't value vacation -- or excuse me, value CE as much, because I think that if you're not giving people time off for it, then what it really encourages people to do is to find a really cool place to do CE.

>> Just build it into a vacation.

>> And build it into a vacation, and I really would like to see an organization be invested in their people growing. So --

>> That could also be indicative of some less traditional work schedules, right?

>> It could be.

>> You're working Sunday through Wednesday or, you know, something like that. So you would get some week days to be able to do that.

>> That's a very fair point.

>> But it's still your time off.

>> But it still will be your time off, yeah. So, all right. So let's go into another one that's really, really common, and that's payment of professional licenses.

>> Right. Yeah, so with -- most professions nowadays have a licensing body, a regulatory body that handles these types of things. For the veterinary community, that's -- it's offered two-thirds, maybe 75% of the time, somewhere in that range, and they typically will pay for your state license for wherever you're practicing. Now, if you're in like the tri-state area or if you're in the Delmarva area -- Delaware. I'm sorry, yeah, Delaware, Maryland, Virginia area -- you might be able to negotiate covering a couple states.

>> Yeah. Particularly if you're doing ambulatory, large animal work --

>> Right, if you're moving around.

>> Yeah, it's not unusual for them to offer to pay for your state licensing in all the states that you're expected to practice in.

>> Yep.

>> They usually will cap it if you're working in California but you happen to still have your license from North Carolina. They're typically not going to be willing to keep paying that North Carolina license for you.

>> Let's be reasonable.

>> That's pretty fair.

>> Let's be reasonable, people.

>> That's pretty fair. So then we get into our professional association dues. And so these are typically dues to pay for memberships to different professional organizations, so the AVMA or the North Carolina Veterinary Medical Association, NCVMA, or AAEP, or any number of these. It's pretty common. About half the time, your employer will offer to pay usually for like one or two professional organizations. They're not going to offer to pay for 15.

>> Right.

>> But usually one to two, maybe three organizational dues, which is nice, because they do sort of add up over time.

>> And to your point, from earlier, right, it kind of speaks to their emphasis on, you know, building out your professional network and continued learning and those resources are very important for you, right, as an employee building out your professional experience and network.

>> Totally are. And so the next one that we'll talk about is professional -- excuse me -- professional liability insurance, which is something we see offered really frequently, as well, about 68% of the time. And so that is insurance that is going to cover you in the event that you are sued for malpractice. So the example I always give, Andrew, you bring your dog in. Something goes wrong, and you are going to sue me for the cost of what that -- the care that I provided and any other types of medical care your dog required afterwards due to that event, and we're going to have to go to court and we're going to have to work it out. And that is professional liability insurance, will protect you against those kinds of things. And a lot of times, your employer will cover it. One thing I do point out is that you need to be very intentional about reading those policies, making sure you understand them, and making sure that you're comfortable with them. Also if we're looking at a corporate policy, we want to make sure that we're protected and it's not just protecting the corporation. Because there are situations where, even though you're offered professional liability insurance under the umbrella of an organization, a large organization, you may choose to also have

your own separate professional liability insurance, in order to cover things that maybe are not protected in that. So just be careful. Read them over. Make sure you understand them. So --

>> In general, as we move into the insurance aspect of the comp, insurance is just a benefit that you never want to need but when you have it, you're really thankful you've got it.

>> Agreed.

>> And unfortunately, that's why a lot of people don't properly insure themselves, is they don't necessarily see the value of it. And that's the whole point of insurance, is you don't want to see the value of it. That means something has gone wrong.

>> Yeah. So let's talk about -- talking about that, let's talk about medical insurance. People talk about it a lot, and I hear a lot of questions about it. So can you kind of help me understand what sort of -- what does medical insurance sort of look like? And particularly, I really -- hoping you might be able to explain the difference between the different types of medical insurance that we're offered. So there's kind of that traditional insurance whereby, you know, I have a co-pay but then there's these high deductible plans. Can you help me understand the idiosyncrasies of those?

>> Yeah. So there's a lot of different formats -- HMOs, PPOs, high deductible plans. What you really need to understand is what's covered and what you have to cover. And so the labels for those types of terms are, first of all, your premium, which is your monthly payment to your health insurance company. What they're doing with that is that is essentially a way for them to offset some of the risk of insuring you, because again, you can get into a car accident on your way home today and you just racked up $2000 worth of medical bills. Right, so they need some way to kind of offset that. So your monthly premium is that. It's essentially you're paying for the right to be insured. You might also have what's called a co-pay, which is essentially you're paying a portion of a certain doctor's visit or medical procedure. It might be $25. It might not be crazy. But there's different buckets of numbers and this is definitely something I love to diagram out, because it's -- insurance is not a simple thing, by any means. But essentially as you get up to what's called your total deductible or, in some other plans, there's two different numbers, a deductible and your total out of pocket. Again, a little bit more complex. But your deductible being how much you have to pay upfront before insurance will start kicking in the major bucks.

>> Okay.

>> So for example, for a lot of single plans, where it's just one person on it, adult working, your deducible might be like $3000. Anything above that, you might pay a $25 co-pay until your total quote-unquote "out of pocket cost" of $4000 or $3500 or whatever the numbers are for your plan. So all it's doing is saying, hey, in a maximum year, if an absolute catastrophe happens, this is the most out of pocket that I would pay for

anything medical to happen, as your total out of pocket and your deductible, some mixture thereof.

>> Okay.

>> From a budgeting standpoint, the premium is really what you need to be worried about, and then co-pays if you have regular medical needs, right? You go to a doctor regularly or a chiropractor or physical therapist or something like that.

>> Okay. So if I'm hearing you, with medical insurance, an employer offering you medical insurance doesn't mean that you're necessarily not going to have to pay for some portion of that?

>> Correct.

>> Oftentimes, you still will be required to pay some portion of the monthly premium. It might not be a very big number. Some of the ones that I've seen are, you know, something around the lines of $25 or --

>> Yep, 50 bucks.

>> Fifty dollars a month. But you're still usually paying a small bit of that, and then there may be some ongoing costs of actually getting care. So this is a really good opportunity to sit down with somebody who's kind of familiar with what these plans look like and just kind of describe some of the details, it sounds like.

>> Yeah. And it's good to know kind of what, again, kind of catastrophic cap is. Because when I'm talking to people, that's the number that should be, you should factor that into your emergency fund. Right? Making sure you know what that total out of pocket is.

>> Okay.

>> Yep. There's --

>> What -- oh, go ahead. Sorry.

>> I was going to say, there's also some other things that might be included with your healthcare plan. Things called HSAs, which stands for health savings account. There's also something called an FSA, which is a flexible spending account. And there's two different versions of those. We don't need to get into the nitty-gritty, but generally, FSAs -- we talked about your days off rolling between years. HSAs do that. So you can put in $500. And you don't have to use it. You can just let it roll and you can actually get it invested and it grows over time, towards retirement, if you want to wait that long to use it. An FSA typically does not roll over, so you, you know, if you put that same $500 in an FSA, you got to use it or you lose it.

>> Okay.

>> So that would be again for something like you know you're going to have a certain number of co-pays. You're going to have to buy glasses or, you know, you're -- orthodontist or whatever's going to happen. You know you have certain fixed costs in a year, and the advantage of using an FSA is it's pre-tax. Right? So it comes back to the first question that we had about payroll deduction. So you're able to pay for those things without having to pay tax on them.

>> Okay. And so we also have vision and dental insurance. I don't see those as frequently, but they're in the same group as the medical insurance. Often, you're still going to pay some small monthly premium for a provided benefit. But they're usually pretty low. The ones that I see are typically like ten to $20 a month for vision or ten to $20 a month for dental insurance. If they're offered, wonderful. I unfortunately don't see those offered quite as frequently.

>> Yeah, and you've just really got to do the math to figure out, does it make sense to pay this fixed fee every month if I don't have glasses?

>> Yeah.

>> Right?

>> Yeah.

>> So you probably don't need vision. Insurance, rather.

>> But we all have teeth, so we're still going to need our dental insurance.

>> Yep. Yep.

>> All right. So the other one that I hear a lot about and get a lot of questions about is retirement. So I only see that offered about maybe a little less than half the time for a lot of these. But can you talk about what kinds of plans listeners might see in their compensation packages? And then this whole thing about employer match, what that means.

>> Yeah. So retirement's a biggie. It gets a lot of headlines, it gets, you know -- it's in the news often. For smaller plans, you know, they might not have the more corporate-type benefit structure, but as we see the Banfields and the, you know, the other major corporate players, we're going to start seeing a little bit more of these types of plans. But a 401K is what most people think of for retirement. If you're in the nonprofit space, you'll see the similar term, what's called a 403B. All that means is it's the label of the paragraph in the legislation that describes these plans.

>> And that's also similar to a simple IRA, correct?

>> Yeah. Yep.

>> I see a lot in privately-held organizations.

>> Smaller plans, smaller groups of people looking for retirement benefits. You might also see a SEP IRA. So all of -- there's plenty of information online from reliable, reputable sources that kind of describe each of these things. But those are probably the four most common -- the simple, the SEP, the 401K, and then if you're staying in academia, for example, or the non-profit space, the 403Bs you're going to see a lot of, too.

>> Okay.

>> Beyond that, you can always have your own IRA on the side. So even if they don't offer you a 401K, you're still going to have an opportunity to save for retirement and that's just a separate conversation.

>> So what does the employer match of those retirement --

>> Yeah. So just because they offer you a plan doesn't mean they have to throw any money in for your benefit. It's wonderful when they do. Typically, what they'll say is, "Hey, Amy, if you contribute 5% of your salary every year to your 401K, we will contribute up to 3% of that salary." So, you know, that is what that is, whatever the numbers come out to be. But there's a caveat for most of these plans. And it's this term called "vesting," and vesting does not mean getting invested. It means when you are vested in the company's plan, meaning you are -- you get the tenure. You've been there long enough, based on whatever their specific rules are, the employer's rules, you've been there long enough to be able to walk away with whatever they contributed into your plan, on your behalf.

>> Okay.

>> That can take a couple different shapes. It could be day one, you're vested, and you can leave on day two with the $5 that they put into your 401K. Right? Or it could be a five-year vesting schedule, where you don't get to walk away with any of their money that they put into your 401K until you hit the five year and one day of employment mark.

>> Okay.

>> And then there's gradual vesting, which is kind of every year, you're entitled to an additional percentage of the full percentage. So the first year, you're eligible for 20% of what they threw in. The next year, it's 40% of what you threw in. You know, 60, 80, and then at five years, you're 100% vested.

>> But vesting only refers to the amount of money the organization contributed, not yours?

>> Correct.

>> So if I contributed $5000, let's say, and that was my money that I contributed, and the company contributed $5000, and I walk away after a year, I still get to keep the $5,000 I --

>> That's your money.

>> My money. But that $5000 the employer put in there, maybe depending on the vesting schedule, they may take it back or I may get to take away some portion of it?

>> Yes.

>> Okay.

>> And so obviously this is a way for employers to help encourage continuity in their staffing. Right? They want you to be around. So they might offer you a very high match. They might say 6%, which is pretty good. But you might have to stick around and you're not going to see a dime of that if you don't stick around for five, six years.

>> That's reasonable. So, and more typical matching that I see is around three percent. So the six would be awesome and occasionally I do get to see that. So --

>> If they're going to match, typically it's going to be a minimum of 3%. Yeah.

>> All right. So that kind of covers the major ones, the big ones. Now, this is by no means a complete list of all the fringe benefits that could ever come into an employment contract. But a couple more that are sort of less frequently seen -- student loan repayments. So tell us a little bit about that, what that might look like.

>> Yeah. So we're starting to see that. The last couple years, some of the corporations have come out with some student loan repayment benefit, you know, $150 a month type of deal. That's counted as taxable income. Right? So basically, that's just extra cash in your pocket. You don't have to use it, necessarily for student loans. They encourage you to and that's the whole point of it. There's a couple that are experimenting with some other ways to help with the student loan problem. Haven't seen any of that come through in an employment contract yet but I've fielded questions about, "Hey, what can we do that would be appealing to the students?" In general, it's designed to address your student loan payments on a month to month basis, to help out with that a little bit. The challenge there is, because it's taxable income, if you're on an income based repayment strategy, it's going to increase your taxable income, which also might increase the amount that you owe every month. So we want to understand, is that even a benefit that's worthwhile to me, even though I might have a massive student loan balance? It depends on your repayment strategy.

>> So a good time to come and talk to you and run the numbers and figure that out?

>> Yes.

>> So then let's talk about some of the other insurances that you may be offered. So I occasionally see disability insurance offered. It's not

very common, maybe a third of the time or so. Can you just really quickly tell us what disability insurance is and --

>> Yeah. Yeah. So there's short-term and long-term disability. Short-term is quite literally as it sounds. It, you know, could be up to two to three months of not being able to work for whatever reason. That could be a lot of times, maternity leave is rolled into a short-term disability policy. So, you know, a month or two at home with the baby is covered. And generally, you're not going to get your full pay. They'll cover up to maybe 60, 75% -- it depends on the plan -- of your pay, capped at maybe $1000 a week, that kind of thing. So definitely don't anticipate just the paychecks keep rolling in as they were. But it does help to kind off offset the idea that you're not going to be at work earning a paycheck. Long-term disability is typically a bit longer than that, right? It could be the -- in between qualification of, like for example, full social security disability, which is extremely difficult to get. Long-term disability's typically from a corporate, or a benefits perspective is going to cover, you know, maybe a couple of years. A really good one would cover you until you're 65, but that would be probably pretty expensive.

>> Okay.

>> Yeah.

>> So, nice thing to have. And then we have life insurance. You see that occasionally offered.

>> Yeah, yeah.

>> And that's what?

>> So life insurance -- the whole concept of life insurance is to pay for things in the event that you die early, plain and simple, right? So what are you on the hook for? What would your loved ones be on the hook for if you were to pass away tomorrow? If you don't have a house mortgage, if you don't have private student loans, if you don't have a kid, if you don't have a lot of these financial obligations, you don't have as much of a need for a lot of life insurance, because in all reality, you're federal loans are going to get forgiven and then there's the cost of a funeral. But that's really it. Right? But as you're building your net worth, as you're building your practice and your family, and your life gets more complex, typically you do need to add a little bit more life insurance. And again that's, hey, if you were to die -- like for example, I have a nine-month-old. If I were to die tomorrow, I want to make sure that he is squared away. You know, my wife doesn't have to work overtime to be able to pay the bills. We can pay the mortgage off. We can, you know, send him to college, those types of things. So for the recent grad, probably not as important to have a bunch of life insurance, but it's important to know when you do need life insurance.

>> And it sounds like whenever you have other people who are depending on you for that income, that's a good time to go and talk to a financial planner and figure out what you need. So then there's a few others that

are pretty uncommon in our field. But I just want to throw them out there. The first is what we call license defense coverage. And this is coverage -- we talked about professional liability coverage earlier, which is something goes wrong with your pet, Andrew, and you sue me for those things. License defense coverage is something goes wrong with your pet, and now, you're not really worried about money. You want the North Carolina State Board to take away my license and so you file a claim against my license. And license defense coverage helps to defend your license in front of your state board. Every state is different. Their rules are different. How this works is different. But this is still coverage to help you in those events.

>> Right.

>> And the reason why I like to talk about this is because we've seen more complaints against licenses in recent years, as opposed to lawsuits, and this kind of makes sense. If you're going to sue me, it's going to be a little bit of a pain for you. You're going to have to go find a lawyer. You're going to have to pay them. There's going to be paperwork. There's going to be all sorts of stuff. If you want to take away my license, it's actually really easy. You can simply Google the North Carolina State Board and there's actually a "click here to file a complaint."

>> Oh, wonderful.

>> So you can do that without any other person, at home in your bathrobe. So we see that increasing and we encourage all listeners to look into that kind of coverage. Other things that I see, personal use of vehicle, really uncommon in kind of the small animal sector but actually fairly common in our large animal ambulatory practices where you may have access to a truck that you can drive around for work-related calls, and you may also be able to use that for some personal travel as well.

>> Sure.

>> So it's to and from work, for example, not to the beach. But to and from work personal travel can be fairly common. There's also -- you mentioned earlier sort of commuter benefits, so for people living in really large metropolitan areas, there may be reimbursement for things like riding the subway or taking the train or doing those kinds of things.

>> Or toll roads, those types of things. Yeah. And you're going to know in those areas where they're pretty common: DC, New York, Atlanta, like those types of areas.

>> Yeah. So not very common in our world. We don't see a whole lot, but occasionally you will run across it. And then ones that I know you and I take advantage of on a regular basis, and that is dependent daycare. Again, not always offered by employers, but when it is, it's pretty nice when you have young children like we do and daycare costs a lot of money.

>> Daycare is a very expensive service that is absolutely critical, in my opinion, because it allows my wife and I to both work and keep, you know,

our sanity. But yeah, it's very expensive but it's nice when you get a dependent care flexible spending account. Again, you're paying for something that you would already be paying for but you're not paying for it -- you're also not paying for taxes on it. Right? It comes out pre-tax, which is nice, so it saves you a couple bucks. Because, you know, the government knows that you're going to be paying income tax and other stuff too.

>> So for those of you who have kids or might consider kids and have that as an option, definitely something that's worth checking out.

>> Yep

>> All right. Well that concludes our episode. We've gone through most of the more common benefits that you can find. If you guys have any questions, never hesitate to reach out to Andrew or myself. We're always happy to talk through this with you. Thanks so much. Have a great day.

>> Thanks. See you next time.

[Music]