Accounting Case Study Using Ontario Pricing Rates

Many benefits have to be provided to employees in a company to improve the hiring rate, especially in a competitive field. However, the employer should note that the most important aspect after receiving wages in the company is to provide employee benefits. The coverage of employee benefits facilitates the retention and the attraction of staff to a organization. For the maintenance of a competitive edge over opponents, a firm has put in place the Work Incentives Inform of employee benefits.

Therefore, many benefits are offered by different companies to maintain their workforce. Some of the benefits that are offered include group medical access insurance and employee assistance programs (Evans, 2011). The Critical Illness Benefit applies when an employee is diagnosed with one of the listed medical conditions set by the firm (Evans, 2011). Therefore, workers receive a lump sum without considering whether the employee can continue working. Medical insurance access is that the company makes a certain amount per month as an insurance premium for the employee (Evans, 2011).

The Employee Assistance Program is also an essential benefit. Typically, the Employee Assistance Benefit ranges between 3.5 dollars and 5 dollars per month per employee (Evans, 2011). However, the limit depends on the size of the company (Evans, 2011). It is impossible to undercut the importance of benefits as part of the employee compensation package. For instance, in Canada, some employee benefits are legislated. Therefore, they form part of the mandatory perks entitled to a worker. However, other aspects of employee benefits are not documented in the legislation. Thus, they are offered to maintain a competitive advantage.

Since legislated benefits are mandatory, all employers are obligated to ensure that they avail these privileges to their employees. In Ontario Canada, the enacted additions include the Canada Pension Plan, the Employment Insurance benefit, and the Employee Insurance Coverage (Mars, 2015). The employment insurance benefit and the Canada Pension Plan are similar as they include contributions from both the employer and the employee (Mars, 2015). On the other hand, the requirements and premiums of the Ontario Workplace Safety and Insurance Board differ due to the different work and industry environments (Mars, 2015).

It is essential to develop an understanding of the employees’ needs before coming up with optimal benefits (Mars, 2015). In addition to that, it would be vital to determining what the firm is willing to spend on its employees and whether the benefits can be sustained without any financial constraints. Competitive advantages for employees are more than mandatory ones. They include vision care, health insurance, employee assistance programmes, life insurance, dental insurance, additional vacation allotments beyond the requirements of the Ontario Employment Standards Act, paid sick days, short-term and long-term disability insurance, Group RRSP, flexible work arrangements, education, and training (Mars, 2015).

In the process of establishing a benefits scheme, the employer should develop strategies that are meant to minimize costs that are incurred (Mclntyre, 2016). The risk that emanates from the presence of these improvements can be mitigated by incorporating measures such as capping of some advantages, consideration of the level of coverage, and inculcating the use of deductibles into the scheme (Mclntyre, 2016). Moreover, it is important to introduce sharing mechanisms when both the employee and the employer make specific contributions (Mclntyre, 2016). Based on the above, technical assistance will have to offer the following mandatory requirements.

The first and most essential benefit that employees require from Tech Help is proper remuneration. Each new employee will be receiving 25 dollars per hour, and they will be working for a total of 1920 hours per year. On the other hand, each experienced employee will be receiving 33.10 dollars per hour, and they will also be working for 1920 hours each year; 33.10 dollars is the standard wage per hour in Ontario’s industry classification 54 (CANSIM, 2016). Since the company’s maximum budget per hour is 32 dollars and the wages per hour are 25 dollars, the new employees will benefit from 7 dollars overtime per hour. Also, current employees will get 1.10 dollars over time for each additional hour billed. The yearly cost of overtime for the new employees will be 84 dollars while the annual overtime cost of the current employees is 12.12 dollars.

Furthermore, they will have to contribute to the Canadian Pension Plan (CPP). The year’s maximum pensionable earnings are 55,300 dollars. Both the employee and employer will have to add to this benefit. The contribution rate is usually 4.95 percent of the year’s maximum pensionable earnings which amounts to 2737.35 dollars for each of the parties. Consequently, the total contribution to the Canada Pension Plan from the firm and the employees annually is 5474.7 dollars. The third mandatory advantage is the Employment Insurance benefit. Since Tech help is still a small business, it will offer an annual Employment bonus that is four times bigger than the employee’s premiums. The employee reward rate will be 1.73 dollars for every insurable 100 dollars earnings. The fourth vital legislated advantage that the firm will offer is the Workplace Insurance benefit is a rate of 2.43 dollars for every insurable payroll.

The company will also be offering optional benefits. The first will be the employee assistance benefit. It will be 5 dollars per month translating to 60 dollars annually for both current and new employees. The company will also offer medical insurance coverage for 15 dollars per month for all workers. Therefore, the yearly cost of the medical insurance benefit will be 180 dollars per year. Additionally, the company will offer an annual critical illness lump sum of 2000 dollars for any of the employees who suffer from chronic diseases such as asthma and epilepsy. The company workers will also benefit from an education and training allowance of 18 dollars per month which translates to 216 dollars annually.

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