

**SOS POLITICAL SCIENCE AND PUBLIC
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JIWAJI UNIVERSITY, GWALIOR

MBA HRD II SEM

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**SUBJECT NAME: WAGES & SALARY
ADMINISTRATION**

TOPIC NAME:

Fringe Benefits

Fringe Benefits

The term benefit includes any right (including any property right), privilege, service or facility.

Fringe Benefits

WHAT IS FRINGE BENEFIT?

- A Fringe benefit is a benefit provided to you or an associate (for example, your spouse or children) through your employment. The employee may be a current, former or future employee.

Fringe Benefits

Definition: *Fringe benefits are those monetary and non monetary benefits given to the employee during and post employment period which are connected with employment but not to the employees contribution to the organization.*

For Example, You could receive a benefit when you:

- Use a work car for private purposes
- Are provided with a cheap loan
- Are provided with free private health insurance
- Are provided with cleaning services for your private residence

Fringe Benefits

Employee benefits can also be called as fringe benefits, perquisites, perqs or perks or benefits in kind) are various non-wage compensations provided to employees in addition to their normal wages or salaries. where an employee exchanges (cash) wages for some other form of benefit, this is generally referred to as a 'salary sacrifice' arrangement. in most countries, most kinds of employee benefits are taxable to at least some degree. e.g housing, health, dental, retirement benefits etc.

Fringe Benefits

WHAT ARE NOT CONSIDERED TO BE FRINGE BENEFITS?

- A mobile phone or car phone used mainly for your employment.
- Protective clothing required for your employment.
- A briefcase, calculator, a tool of trade, PDA, laptop, etc.

Fringe Benefits

Objectives of Fringe Benefits

- To create and Improve sound Industrial Relations
- To boost up employee morale
- To motivate the employees by identifying and satisfying their unsatisfied need
- To provide qualitative work environment and work life
- To provide security to the employees against social risks like old age benefits and maternity benefits.

Fringe Benefits

Need and Importance of F.B

- ▣ To retain the employees
- ▣ Employee demands
- ▣ To motivate performance
- ▣ As a social security
- ▣ Trade union demand
- ▣ Skill shortage
- ▣ Hazards of Industrial Life

Fringe Benefits

Principles of FRINGE BENEFIT Programme

- Satisfaction of real need
- Flexibility
- Proper communication
- Considering the wishes of employees
- Educate the workers
- Participation

Fringe Benefits

Types of Fringe Benefits

- Payment for time not worked.
- Employee security.
- Safety & health.
- Workmen's compensation.
- Health benefits.
- Voluntary arrangements.
- Welfare & recreational facilities.
- Old age & retirement benefits.

Fringe Benefits

ADVANTAGES OF EMPLOYEE BENEFITS

EMPLOYER ADVANTAGES

- ❑ Helps attract and retain better qualified employees.
- ❑ Provides high risk coverage at low costs easing the company's financial burden.
- ❑ Improves efficiency and productivity as employees are assured of security for themselves and their families.
- ❑ Premiums are tax deductible as corporation expense, which means savings with quality coverage.

Fringe Benefits

EMPLOYEE ADVANTAGES

- Peace of mind which leads to better productivity.
- Employees with personal life insurance enjoy additional protection.
- Boost staff morale and pride in company.

Fringe Benefits

ADVANTAGES

- No additional tax is paid on fringe benefits as they do not involve money.
- They can be used to encourage the employee to work harder.

Fringe Benefits

DISADVANTAGES

- ▮ The employee has no choice on how they are spent.
- ▮ Benefits are lost when an employee leaves the job, some times causing hardship.

Fringe Benefits

Conclusion

- ▣ Basically a fringe benefit provided to an employee or an associate (Ex: Family, Spouse & Children) because of his employment
- ▣ Fringe benefits provide output in terms of employee loyalty and cooperation, employee welfare and create organizational image.

Thank
you

