



BROOKS-KERET
Financial Management

**The Challenges and solutions for companies
doing business in the US**

EMPLOYEE BENEFITS & EMPLOYER COSTS

STRATEGIC FINANCIAL SOLUTIONS

EMPLOYEE BENEFITS & EMPLOYER COSTS

What are the overall costs associated with hiring in the US?

- Mandatory-
Employer taxes and Worker's compensation
- Benefits-
Insurance benefits and 401(K)

MANDATORY COSTS

Employer taxes

	Federal	State
Social Security	6.2% - capped at \$132,900 (2019)	N/A
Medicare	1.45% - no cap	N/A
Unemployment tax	Effectively - \$42	Varies by state - Ranges between \$240- \$1000 per employee per year

MANDATORY COSTS

Worker's compensation

Mandatory insurance governed by the state providing medical expenses, lost wages and rehabilitation costs to employees injured in the course of their job.

- Employers are relieved from civil suits
- Premium is based on level of risk
- Premium is roughly 0.26% for clerical employees, 0.52% for outside sales

INSURANCE BENEFITS

- Health insurance
- Dental insurance
- Vision insurance
- Life insurance
- Short term/Long term disability

401 (K)

- Retirement savings plan sponsored by the employer
- Savings are on a pre-tax basis (taxes are paid upon withdrawal)
- Employer matching is not mandatory
- Safe Harbor plans are recommended to avoid additional matching not accounted for and to max the amounts top earning employees can contribute
- Customary contributions are 100% on the \$ up to 4% of annual pay
- In 2019 – maximum match is \$19,000 and the maximum annual payroll for contributions is \$280,000



UP

THANK YOU

