

Student: _____

1. Cafeteria plans enable employees to choose from among a set of benefits and different levels of these benefits.
True False
 2. Cost-of-living adjustments (COLAs) are based on changes in prices as indexed by the consumer price index.
True False
 3. The Fair Labor Standards Act first legitimized bargaining for employee benefits.
True False
 4. Flexible work schedules are considered part of accommodation and enhancement benefits packages.
True False
 5. Health insurance is a legally required benefit for all private sector employers.
True False
 6. The Federal Insurance Contributions Act (FICA) helps support the Old-Age, Survivor, and Disability Insurance (OASDI).
True False
 7. In strategy planning, discerning threats from opportunities is the main focus of tactical scanning programs.
True False
 8. Defined benefits plans, defined contribution plans and hybrid plans are types of health insurance funding plans.
True False
 9. Since 1999, base pay has decreased as a percentage of an employee's total compensation package.
True False
 10. Organizational development professionals promote extrinsic compensation through effective job design.
True False
 11. Strategic benefit plans emphasize short-term changes in how a company's benefit plan operates.
True False
 12. The top-down approach to strategic benefits planning is a reactive process that evaluates the benefits program only after problems arise.
True False
 13. Incentive pay rewards employees for completely attaining predetermined work objectives.
True False
 14. Companies base strategy formulation on environmental scanning activities.
True False
 15. Workers' compensation insurance programs, run by the federal government, are designed to cover employee expenses incurred in work-related accidents and injuries.
True False
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16. Merit pay rewards employees according to their job performance.
True False
 17. Extrinsic compensation can include both monetary and nonmonetary rewards.
True False
 18. Strategic decisions support the fulfillment of tactical decisions.
True False
 19. Unemployment insurance is funded solely by the Federal Unemployment Tax Act (FUTA).
True False
 20. Core compensation is another name for monetary rewards.
True False
 21. Nonmonetary compensation includes protection programs, paid time off and services.
True False
 22. Employees' knowledge and skills are said to generate human capital for firms and are the basis for incentive pay.
True False
 23. The Social Security Act was enacted due to the effects of WWII.
True False
 24. Union workers cannot negotiate paid time off benefits.
True False
 25. ERISA does not apply to public sector retirement plans.
True False
 26. Benefits are defined as compensation that includes wages and salary as well as other services.
True False
 27. Benefits are a central strategy in attracting and retaining desired employees.
True False
 28. Vacations are a type of accommodation benefit.
True False
 29. Protection programs provide health benefits.
True False
 30. Compensation levels are established based on employee age.
True False
 31. Workers' compensation laws are state laws.
True False
 32. Life insurance programs protect employees' families in the event of untimely illness.
True False
 33. Employees are most likely to endorse benefits that fulfill their needs.
True False
 34. Incentive pay is a permanent increase of compensation based on individual goal achievement.
True False
 35. In financing discretionary benefits, employers always pay the total cost incurred.
True False
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36. Since the 1940s, companies have expanded their discretionary benefits as an alternative to wage increase or as a motivational tool.
True False
37. The existence of labor union has limited the use of welfare practices by companies.
True False
38. Which of the following is NOT the reason for companies to adopt various benefits plans?
A. Government regulation/mandates
B. Favorable tax treatments
C. Attracting and retaining best employees
D. Reducing labor cost
39. What is another name for a pay-for-knowledge plan?
A. Merit pay
B. Person-focused pay
C. Seniority pay
D. Incentive pay
40. Discretionary benefits can be categorized into programs that
A. Protect health and income, provide job security, provide accommodation and enhancement benefits
B. Provide job security, protect health and income, allow for paid time-off
C. Protect health and income, allow for paid time-off, provide accommodation and enhancement benefits
D. Provide job security, allow for paid time-off, provide accommodation and enhancement benefits
41. Which of the following is NOT the element of discretionary benefits?
A. Retirement plans
B. Workers' compensation
C. Health insurance
D. Paid vacations
42. Which two are the possible approaches that can be used in strategic benefits planning?
A. Backing-out & top-down
B. Top-down & backing-in
C. Backing-up & top-in
D. Backing-down & top-in
43. These two federal laws form the basis for legally required benefits.
A. Social Security Act & Civil Rights Act
B. Family and Medical Leave Act & Civil Rights Act
C. Social Security Act & Family and Medical Leave Act
D. Equal Employment Act & Social Security Act
44. Employer choice of discretionary benefits does not depend on:
A. Economic considerations
B. Adequacy of legally required benefits
C. Employee expectations
D. Government mandates
45. The Family and Medical Leave Act (FMLA) permits employees which of the following?
A. 12 work weeks of paid leave during any 12-month period
B. 10 work weeks of paid leave during any 12-month period
C. 12 work weeks of unpaid leave during any 12-month period
D. 10 work weeks of unpaid leave during any 12-month period
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46. Information for strategic benefits planning comes from these two environments.
 - A. External company & internal market
 - B. External market & internal company
 - C. Internal market & external market
 - D. Internal company & external company
47. In which social context were workers' compensation laws enacted?
 - A. Post Depression
 - B. Post WWII
 - C. Industrial expansion in the early 1900s
 - D. Turn of the 20th century
48. What are the four main classes of health insurance programs that employers have to choose from to offer its employees?
 - A. Fee-for-service plans, managed care plans, point-of-service plans, consumer-driven plans
 - B. Consumer-driven plans, point-of-service plans, managed care plans, fee-for-service plans, person-focused plans
 - C. Fee-for-service plans, person-focused plans, point-of-service plans, point-of-service plans
 - D. Point-of-service plans, consumer-driven plans, managed care plans, person-focused plans
49. When the employee bears the entire costs of discretionary benefits it is referred to as which type of financing?
 - A. Noncontributory
 - B. Contributory
 - C. Employee-financed
 - D. Employee-focused
50. Employees' retirement benefits weren't protected until which decade?
 - A. 1930s
 - B. 1950s
 - C. 1970s
 - D. 1960s
51. Which of the following are considered the five core compensation elements?
 - A. COLAs, seniority pay, merit pay, incentive pay, person-focused pay
 - B. Merit pay, seniority pay, COLAs, incentive pay, base pay
 - C. Seniority pay, person-focused pay, incentive pay, base pay, COLAs
 - D. Base pay, person-focused pay, merit pay, incentive pay, seniority pay
52. Which three are the three fundamental roles that characterize employee benefits?
 - A. Protection programs, paid time-off, retirement programs
 - B. Protection programs, paid time-off, accommodation and enhancement programs
 - C. Paid time-off, accommodation and enhancement programs, retirement programs
 - D. Retirement programs, protection programs, and accommodation and enhancement programs
53. Flexible benefits allow employees to do which of the following?
 - A. Choose which benefits they want and at what level
 - B. Only choose the level of benefits they want
 - C. Only choose which benefits they want
 - D. Choose whether they want all base pay or pay and benefits
54. Companies can generally choose from which four programs for financing their discretionary benefits plans.
 - A. Noncontributory, contributory, employee-financed, a combination of the other three
 - B. Managed care, contributory, employee-financed, a combination of the other three
 - C. Employee-financed, contributory, managed care, a combination of the other three
 - D. Managed care, contributory, employee-financed, noncontributory

55. Commission payments are examples of which type of core compensation package?
- A. Incentive pay
 - B. Merit pay
 - C. Person-focused pay
 - D. Seniority pay
56. Which of the following are the three main types of retirement programs that companies can offer?
- A. Employee-financed plans, defined benefits plans, hybrid plans
 - B. Hybrid plans, defined contribution plans, employee-financed plans
 - C. Defined contribution plans, employee-financed plans, defined benefits plans
 - D. Defined contribution plans, defined benefits plans, hybrid plans
57. Which three make up the internal environmental factors?
- A. Labor force demographics, governmental regulations, mergers and acquisitions
 - B. Mergers and acquisitions, collective bargaining agreements, labor force demographics
 - C. Governmental regulations, collective bargaining agreements, workforce demographics
 - D. Workforce demographics, collective bargaining agreements, mergers and acquisitions
58. The Social Security Act of 1935 set up which two programs?
- A. Retirement income & unemployment insurance
 - B. Medicare & disability insurance
 - C. Disability insurance & retirement income
 - D. Unemployment insurance & Medicare
59. Which of the following factors is used for strategic benefits planning?
- A. Government regulations
 - B. Economic conditions
 - C. Labor force changes
 - D. All of the above
60. Which of the following is not a fundamental employee goal?
- A. High wages
 - B. Leadership
 - C. Job security
 - D. Safe working conditions
61. Which of the following is not an example of features of a benefit plan?
- A. Flexible benefits
 - B. Eligibility
 - C. Waiting period
 - D. Employee choice
62. Briefly describe the origins of employee benefits in the US.
63. Briefly describe various legal and regulatory influences on discretionary benefits.
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64. Discuss the influence of external economic conditions on strategic benefits planning of companies.

65. Discuss the impact of recent demographic changes in labor markets (e.g., influx of female, ethnic minority, or older workers) on the benefit strategy of companies.

1 Key

1. Cafeteria plans enable employees to choose from among a set of benefits and different levels of these benefits.
(p. 14) **TRUE**
Martocchio - Chapter 01 #1
2. Cost-of-living adjustments (COLAs) are based on changes in prices as indexed by the consumer price index.
(p. 7) **TRUE**
Martocchio - Chapter 01 #2
3. The Fair Labor Standards Act first legitimized bargaining for employee benefits.
(p. 14) **FALSE**
Martocchio - Chapter 01 #3
4. Flexible work schedules are considered part of accommodation and enhancement benefits packages.
(p. 5-6) **TRUE**
Martocchio - Chapter 01 #4
5. Health insurance is a legally required benefit for all private sector employers.
(p. 12) **FALSE**
Martocchio - Chapter 01 #5
6. The Federal Insurance Contributions Act (FICA) helps support the Old-Age, Survivor, and Disability Insurance (OASDI).
(p. 27) **TRUE**
Martocchio - Chapter 01 #6
7. In strategy planning, discerning threats from opportunities is the main focus of tactical scanning programs.
(p. 17) **FALSE**
Martocchio - Chapter 01 #7
8. Defined benefits plans, defined contribution plans and hybrid plans are types of health insurance funding plans.
(p. 11) **FALSE**
Martocchio - Chapter 01 #8
9. Since 1999, base pay has decreased as a percentage of an employee's total compensation package.
(p. 7) **TRUE**
Martocchio - Chapter 01 #9
10. Organizational development professionals promote extrinsic compensation through effective job design.
(p. 6-7) **FALSE**
Martocchio - Chapter 01 #10
11. Strategic benefit plans emphasize short-term changes in how a company's benefit plan operates.
(p. 17) **FALSE**
Martocchio - Chapter 01 #11
12. The top-down approach to strategic benefits planning is a reactive process that evaluates the benefits program only after problems arise.
(p. 19) **FALSE**
Martocchio - Chapter 01 #12
13. Incentive pay rewards employees for completely attaining predetermined work objectives.
(p. 8) **FALSE**
Martocchio - Chapter 01 #13

14. Companies base strategy formulation on environmental scanning activities.
(p. 22) **TRUE**
15. Workers' compensation insurance programs, run by the federal government, are designed to cover employee expenses incurred in work-related accidents and injuries.
(p. 10) **FALSE** *Martocchio - Chapter 01 #14*
16. Merit pay rewards employees according to their job performance.
(p. 8) **TRUE** *Martocchio - Chapter 01 #15*
17. Extrinsic compensation can include both monetary and nonmonetary rewards.
(p. 6-7) **TRUE** *Martocchio - Chapter 01 #16*
18. Strategic decisions support the fulfillment of tactical decisions.
(p. 17) **FALSE** *Martocchio - Chapter 01 #17*
19. Unemployment insurance is funded solely by the Federal Unemployment Tax Act (FUTA).
(p. 27) **FALSE** *Martocchio - Chapter 01 #18*
20. Core compensation is another name for monetary rewards.
(p. 7) **TRUE** *Martocchio - Chapter 01 #19*
21. Nonmonetary compensation includes protection programs, paid time off and services.
(p. 7) **TRUE** *Martocchio - Chapter 01 #20*
22. Employees' knowledge and skills are said to generate human capital for firms and are the basis for incentive pay.
(p. 8) **FALSE** *Martocchio - Chapter 01 #21*
23. The Social Security Act was enacted due to the effects of WWII.
(p. 9) **FALSE** *Martocchio - Chapter 01 #22*
24. Union workers cannot negotiate paid time off benefits.
(p. 12) **FALSE** *Martocchio - Chapter 01 #23*
25. ERISA does not apply to public sector retirement plans.
(p. 16) **TRUE** *Martocchio - Chapter 01 #24*
26. Benefits are defined as compensation that includes wages and salary as well as other services.
(p. 5) **FALSE** *Martocchio - Chapter 01 #25*
27. Benefits are a central strategy in attracting and retaining desired employees.
(p. 17) **TRUE** *Martocchio - Chapter 01 #26*
28. Vacations are a type of accommodation benefit.
(p. 12) **FALSE** *Martocchio - Chapter 01 #27*
29. Protection programs provide health benefits.
(p. 12) **TRUE** *Martocchio - Chapter 01 #28*
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- Martocchio - Chapter 01 #29*

30. Compensation levels are established based on employee age.
(p. 7-8) **FALSE**
Martocchio - Chapter 01 #30
31. Workers' compensation laws are state laws.
(p. 10) **TRUE**
Martocchio - Chapter 01 #31
32. Life insurance programs protect employees' families in the event of untimely illness.
(p. 11) **FALSE**
Martocchio - Chapter 01 #32
33. Employees are most likely to endorse benefits that fulfill their needs.
(p. 14) **TRUE**
Martocchio - Chapter 01 #33
34. Incentive pay is a permanent increase of compensation based on individual goal achievement.
(p. 8) **FALSE**
Martocchio - Chapter 01 #34
35. In financing discretionary benefits, employers always pay the total cost incurred.
(p. 13) **FALSE**
Martocchio - Chapter 01 #35
36. Since the 1940s, companies have expanded their discretionary benefits as an alternative to wage increase or as a motivational tool.
(p. 14) **TRUE**
Martocchio - Chapter 01 #36
37. The existence of labor union has limited the use of welfare practices by companies.
(p. 15) **FALSE**
Martocchio - Chapter 01 #37
38. Which of the following is NOT the reason for companies to adopt various benefits plans?
(p. 4-5) A. Government regulation/mandates
B. Favorable tax treatments
C. Attracting and retaining best employees
D. Reducing labor cost
Martocchio - Chapter 01 #38
39. What is another name for a pay-for-knowledge plan?
(p. 8) A. Merit pay
B. Person-focused pay
C. Seniority pay
D. Incentive pay
Martocchio - Chapter 01 #39
40. Discretionary benefits can be categorized into programs that
(p. 10-11) A. Protect health and income, provide job security, provide accommodation and enhancement benefits
B. Provide job security, protect health and income, allow for paid time-off
C. Protect health and income, allow for paid time-off, provide accommodation and enhancement benefits
D. Provide job security, allow for paid time-off, provide accommodation and enhancement benefits
Martocchio - Chapter 01 #40
41. Which of the following is NOT the element of discretionary benefits?
(p. 10-11) A. Retirement plans
B. Workers' compensation
C. Health insurance
D. Paid vacations
Martocchio - Chapter 01 #41

42. Which two are the possible approaches that can be used in strategic benefits planning?

- (p. 19-21)
- A. Backing-out & top-down
 - B. Top-down & backing-in**
 - C. Backing-up & top-in
 - D. Backing-down & top-in

Martocchio - Chapter 01 #42

43. These two federal laws form the basis for legally required benefits.

- (p. 9-10)
- A. Social Security Act & Civil Rights Act
 - B. Family and Medical Leave Act & Civil Rights Act**
 - C. Social Security Act & Family and Medical Leave Act
 - D. Equal Employment Act & Social Security Act

Martocchio - Chapter 01 #43

44. Employer choice of discretionary benefits does not depend on:

- (p. 24)
- A. Economic considerations
 - B. Adequacy of legally required benefits
 - C. Employee expectations
 - D. Government mandates**

Martocchio - Chapter 01 #44

45. The Family and Medical Leave Act (FMLA) permits employees which of the following?

- (p. 10)
- A. 12 work weeks of paid leave during any 12-month period
 - B. 10 work weeks of paid leave during any 12-month period
 - C. 12 work weeks of unpaid leave during any 12-month period**
 - D. 10 work weeks of unpaid leave during any 12-month period

Martocchio - Chapter 01 #45

46. Information for strategic benefits planning comes from these two environments.

- (p. 22)
- A. External company & internal market
 - B. External market & internal company**
 - C. Internal market & external market
 - D. Internal company & external company

Martocchio - Chapter 01 #46

47. In which social context were workers' compensation laws enacted?

- (p. 10)
- A. Post Depression
 - B. Post WWII
 - C. Industrial expansion in the early 1900s**
 - D. Turn of the 20th century

Martocchio - Chapter 01 #47

48. What are the four main classes of health insurance programs that employers have to choose from to offer its employees?

- (p. 12)
- A. Fee-for-service plans, managed care plans, point-of-service plans, consumer-driven plans**
 - B. Consumer-driven plans, point-of-service plans, managed care plans, fee-for-service plans, person-focused plans
 - C. Fee-for-service plans, person-focused plans, point-of-service plans, point-of-service plans
 - D. Point-of-service plans, consumer-driven plans, managed care plans, person-focused plans

Martocchio - Chapter 01 #48

49. When the employee bears the entire costs of discretionary benefits it is referred to as which type of financing?

- (p. 13)
- A. Noncontributory
 - B. Contributory
 - C. Employee-financed**
 - D. Employee-focused

Martocchio - Chapter 01 #49

50. Employees' retirement benefits weren't protected until which decade?

- (p. 11)
- A. 1930s
 - B. 1950s
 - C. 1970s**
 - D. 1960s

Martocchio - Chapter 01 #50

51. Which of the following are considered the five core compensation elements?

- (p. 7)
- A. COLAs, seniority pay, merit pay, incentive pay, person-focused pay**
 - B. Merit pay, seniority pay, COLAs, incentive pay, base pay
 - C. Seniority pay, person-focused pay, incentive pay, base pay, COLAs
 - D. Base pay, person-focused pay, merit pay, incentive pay, seniority pay

Martocchio - Chapter 01 #51

52. Which three are the three fundamental roles that characterize employee benefits?

- (p. 11-12)
- A. Protection programs, paid time-off, retirement programs
 - B. Protection programs, paid time-off, accommodation and enhancement programs
 - C. Paid time-off, accommodation and enhancement programs, retirement programs**
 - D. Retirement programs, protection programs, and accommodation and enhancement programs

Martocchio - Chapter 01 #52

53. Flexible benefits allow employees to do which of the following?

- (p. 14)
- A. Choose which benefits they want and at what level**
 - B. Only choose the level of benefits they want
 - C. Only choose which benefits they want
 - D. Choose whether they want all base pay or pay and benefits

Martocchio - Chapter 01 #53

54. Companies can generally choose from which four programs for financing their discretionary benefits plans.

- (p. 13)
- A. Noncontributory, contributory, employee-financed, a combination of the other three**
 - B. Managed care, contributory, employee-financed, a combination of the other three
 - C. Employee-financed, contributory, managed care, a combination of the other three
 - D. Managed care, contributory, employee-financed, noncontributory

Martocchio - Chapter 01 #54

55. Commission payments are examples of which type of core compensation package?

- (p. 8)
- A. Incentive pay**
 - B. Merit pay
 - C. Person-focused pay
 - D. Seniority pay

Martocchio - Chapter 01 #55

56. Which of the following are the three main types of retirement programs that companies can offer?

- (p. 11)
- A. Employee-financed plans, defined benefits plans, hybrid plans
 - B. Hybrid plans, defined contribution plans, employee-financed plans
 - C. Defined contribution plans, employee-financed plans, defined benefits plans
 - D. Defined contribution plans, defined benefits plans, hybrid plans**

Martocchio - Chapter 01 #56

57. Which three make up the internal environmental factors?

- (p. 27-29)
- A. Labor force demographics, governmental regulations, mergers and acquisitions
 - B. Mergers and acquisitions, collective bargaining agreements, labor force demographics
 - C. Governmental regulations, collective bargaining agreements, workforce demographics
 - D. Workforce demographics, collective bargaining agreements, mergers and acquisitions**

Martocchio - Chapter 01 #57

58. The Social Security Act of 1935 set up which two programs?

(p. 9-10)

- A.** Retirement income & unemployment insurance
- B. Medicare & disability insurance
- C. Disability insurance & retirement income
- D. Unemployment insurance & Medicare

Martocchio - Chapter 01 #58

59. Which of the following factors is used for strategic benefits planning?

(p. 17)

- A. Government regulations
- B. Economic conditions
- C. Labor force changes
- D.** All of the above

Martocchio - Chapter 01 #59

60. Which of the following is not a fundamental employee goal?

(p. 16)

- A. High wages
- B.** Leadership
- C. Job security
- D. Safe working conditions

Martocchio - Chapter 01 #60

61. Which of the following is not an example of features of a benefit plan?

(p. 13-14)

- A.** Flexible benefits
- B. Eligibility
- C. Waiting period
- D. Employee choice

Martocchio - Chapter 01 #61

62. Briefly describe the origins of employee benefits in the US.

(p. 14-15)

Main Points

- Different forces led to rise of legally required and discretionary benefits in US
- Government established programs to protect individuals from disability and unemployment
- Historically, legally required benefits provided a form of social insurance
- Industrialization during late 19th and early 20th century and Great Depression led to design of initial social insurance programs
- Contemporary discretionary benefits evident in late 1800s
- Employer sponsorship of medical insurance became common
- National Labor Relations Act legitimized bargaining for benefits
- Employees today typically view benefits as entitlements

Martocchio - Chapter 01 #62

63. Briefly describe various legal and regulatory influences on discretionary benefits.

(p. 15-16)

Main Points

- Necessary to distinguish between "private sector" employers and governmental employers - different regulations influence discretionary benefits practices in these two sectors.
- In 2007, private sector companies employed 114 million US civilian employees, mostly for-profit.
- Conflicting goals between employers and employees necessitate laws and regulations to protect employees.
- Prior to 1930, employees had no rights.
- Before 1974, employees could lose retirement benefits.
- Regulations such as Social Security Act of 1935 and ERISA of 1974 protect employees from this today.
- Public sector employers include US federal, state and local entities.
- Approximately 12 million employees in this sector in three branches - executive, judicial, legislative.
- Government employers must operate within a budget to provide pay and benefits to employees.
- ERISA does not apply to public sector retirement plans.

Martocchio - Chapter 01 #63

64. Discuss the influence of external economic conditions on strategic benefits planning of companies.

(p. 22-23)

Main Points

- Factors outside the direct control of a company
- Industry prospects, economic conditions, forecasts
- Employer costs for compensation and benefits
- Government regulation of employee benefits
- Changing demographics of the labor force

Martocchio - Chapter 01 #64

65. Discuss the impact of recent demographic changes in labor markets (e.g., influx of female, ethnic minority, or older workers) on the benefit strategy of companies.

(p. 28)

Main Points

- Increasing numbers of female, minority, or older workers in the current workplace
- Different needs and preferences based on demographic characteristics
- Challenges of benefit professionals to manage diverse needs and preferences
- Company's strategic actions to accommodate different needs of employees

Martocchio - Chapter 01 #65

1 Summary

<u>Category</u>	<u># of Question</u>
Martocchio - Chapter 01	65