

Benefit Fact Sheet

What is it?

A total compensation statement is a communication tool highlighting the monetary value of indirect or "hidden" compensation such as employer benefit subsidies, rewards programs and other employee perks.

Why offer it?

Statements can be used successfully to:

- Increase employee awareness of employer payments towards employee benefits
- Translate intangible benefits values into dollars and cents
- Promote the concept of "total" compensation -- cash compensation plus benefits

Who offers it?

Total compensation statements are generally offered by employers who wish to enhance employees' knowledge of the company's benefits and compensation strategy. Statements are usually a complement to a range of other employee benefit communications.

Employers of all sizes offer total compensation statements.

What are the requirements?

A total compensation statement is a data assembly project requiring the coordinated efforts of many people -- usually a third party statement provider (sometimes the employer's benefits advisor), the employer's HR, Benefits, and Payroll departments, and potentially a third-party benefits provider, such as the 401(k) administrator.

What's new in this area?

While some web-based employee self-service (ESS) systems are able to automatically generate limited benefit and compensation statements based on employee benefits and payroll information, these statements are generally limited in content. The latest development in comprehensive total compensation statements is a trend towards online statements. The employee is given a unique username and password to log on to his or her individual statement from any Internet connection. An email campaign is used to communicate the purpose and features of the statement and instructions on how to access the information. Like hard copy statements, online statements are generally available through a third-party statement provider.

How much does it cost?

Hard copy total compensation statements range from \$8 to \$20 per employee. The cost is affected by the number of employees, the amount of personalized information reflected in the statement, the complexity of calculations performed, and the method and style of printing. Online total compensation statements range from \$7 to \$10 per employee for using a templated online statement system. Costs are much higher for custom programming and development.

Informational link(s)

- [Employee Benefit Communications Fact Sheet](#) (ArlenGroup)
- [Employee Self Service Fact Sheet](#) (ArlenGroup)

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Pros and cons

Pros

- Enhances employee appreciation of the value of their employer's benefit offerings
- Increases employee morale
- Provides opportunity to correct system errors as employees review personal data

Cons

- Requires a time commitment from the employer
- More extensive solutions may be cost prohibitive for some employers

This Fact Sheet is designed to provide a general overview of the benefit program, service, or regulatory act it describes. The information included in this document is not a substitute for legal or professional opinion relative to a plan sponsor's particular fact pattern. Your ArlenGroup consultant can answer more specific questions relative to its application for your organization. A menu of additional topics is available online at: www.arlengroup.com/facts.