2013 Terms and Definitions

Annual Deductible: The amount of covered medical expenses that must be incurred and the cost assumed by the insured before the insurer pays for any covered health benefits. Family deductibles are generally the individual deductible per covered person, but are capped at the number of individuals to whom the single amount must apply. For example, the individual or per person deductible may be $250, but the family deductible is $750 - this means only 3 family members must meet the individual deductible.

Annual Physicals: Annual physicals are offered free of charge or at a reduced cost to promote disease prevention and early detection.

Average Base Rate: The average rate for each organization totaled and divided by the number of organizations. It gives each organization equal weight regardless of the number of incumbents. Note: Does not include variable pay (commission, bonus or other incentives). If you are reporting the rate as an annual salary, it MUST be reported as a full-time salary.

Average Hire-On Rate: The average amount paid to bring in a qualified employee for this job. This may vary from the established range minimum.

Average Total Comp: Gives each company equal weight regardless of the number of incumbents. It is the total average paid rate, including bonuses & incentives, for each organization totaled and divided by the number of organizations. Total compensation is the same as total cash compensation.

Biometric Screening: It typically includes measurement of blood pressure, body mass index (BMI), cholesterol, and blood glucose.

Bonus: Direct lump sum payment made in addition to base salary.

Co-Insurance: The amount of expense the covered party pays after the annual deductible has been met. After the deductible has been satisfied, the insurer and insured usually share expenses according to a specific formula. For example, insurance covers 80% of the covered medical expenses while the insured pays the remaining 20%. Note: co-insurance is not the deductible nor is it the premium cost for the employee.

Company Match: The amount the company contributes to an employee retirement plan. The company may base the contribution on the amount of employee contribution, employee salary level or a flat amount for each participant.

Consumer-Driven Health Plan: Usually consists of a high deductible health plan combined with one of two tax- advantaged spending accounts. The spending accounts can be Health Savings Accounts or Health Reimbursement Accounts. Plan members use their account funds to pay for medical care, including prescription and non-prescription medications. When the account funds are depleted, participants pay for medical expenses out-of-pocket until the high deductible has been met. Once the deductible has been satisfied, the health plan functions like a traditional major medical plan.

Coordination of Benefits: A contract requiring benefit payments be coordinated with any other plans covering the insured person. Coordinating benefit payments seeks to eliminate the overpayment for medical services by eliminating the duplication of benefits.

Co-Pay: The fixed fee required by the health insurer to be paid by the insured at the time of each office visit/covered service.

Corporate/Parent/Single Unit Organization: The highest level of management of a business entity that is usually made up of multiple Groups or Subsidiaries.

Cost of Living Adjustments: Dollars budgeted for across-the-board pay adjustments which are intended to bring pay levels in line with increases in the cost of living.

Deferred Profit Sharing: A plan in which an employee is awarded a profit-sharing incentive, but actually receives it at a future time. Taxes are deferred until the time of actual receipt.

Defined Benefit Plan: A plan in which an employer provides "determinable" or defined retirement benefits. The benefit payable at retirement age is generally calculated based on the participant's earnings history and/or years of service with the organization.

Defined Contribution Plan: Under this approach, the employer makes a contribution to an employee's account, and that amount accumulates over time to provide whatever amount of benefit it can purchase. The amount in the account is not defined, but rather will vary depending on level of contribution, length of time of accumulation and extent of investment gains or losses. Examples are: 401(k) plans, 403(b) plans, etc.

Dependent Life Insurance: Life insurance that provides a benefit to the employee in the event of the death of a dependent.

Disease Management: A coordinated system of integrated preventive, diagnostic and therapeutic measures to provide long-term, continuing care for patients who have, or are at risk of developing, a specific chronic illness or medical condition such as diabetes or asthma. It is intended to promote patient self-management, improve patient health status and therefore, decrease medical costs.

Division/Branch: An independent entity responsible for specified product lines or services. Divisions/Branches are accountable to Corporate or Group-level management.

Elder Care Benefits: Programs and services available to employees providing care for aging parents.

Employee Groups:

Hourly - This includes employees performing non-supervisory manual work, such as those who perform maintenance, cleaning and repair work or other similar routine operational roles. Some jobs that fall in this category are Custodian and Food Service Worker.

Administrative - This includes employees typically working in non-exempt, clerical or other support roles. Examples of jobs in this category are Secretary, Data Entry Clerk and Human Resources Assistant.

Technical/Professional - This includes employees working in typically exempt positions, with highly skilled technical expertise or those who possess advanced knowledge in a specialized field obtained from a college education. Typical jobs falling in this category are Database Administrator, Staff Attorney, Public Relations Specialist, and Recruiter.

Management - This includes employees with primary job responsibilities of managing a department and/or directing the work of individuals within that area. Jobs included in this category are Customer Service Director, Purchasing Manager, Controller, and Human Resources Manager.

Employee Only Coverage: Insurance that provides benefits to individual employees (does not include any dependents of the employee).

Employee + Children Coverage: Insurance that provides benefits to the employee plus dependent children.

Employee + Family Coverage: Insurance that provides benefits to both the employee and eligible dependents.

Employee + One Coverage: Insurance that provides benefits to the employee plus one other eligible person.

Employee + Spouse Coverage: Insurance that provides benefits to the employee plus their spouse.

Employee Stock Ownership Plan (ESOP): A plan that enables qualified employees to receive stock accrued as plan participants at no cost to themselves upon retirement or separation from the organization.

Employment Contract: A written guarantee of receiving certain rewards, regardless of results produced on the job, over a stipulated period. It may include provisions to protect the employer (for example: non-disclosure, non- compete clauses).

EVA (Economic Value-Added): EVA measures the value created for shareholders, employees and customers. EVA equals net operating profit after taxes minus a capital charge.

Exempt/Non-Exempt Status: The status indicates the job is "Exempt" or "Non-Exempt" from the overtime provisions under the Fair Labor Standards Act. The exempt/non-exempt status of positions contained in this survey is as reported by the survey participants. They should not be used for FLSA (Fair Labor Standards Act, the federal regulations governing exempt/non-exempt status for certain employee groups) classification purposes.

Flexible Benefit (Cafeteria) Program: A program in which employees have a choice of how their benefit dollars are distributed among organization sponsored programs. Normally includes health, life, disability and other insurance.

Flexible Spending Account: A reimbursement account to which employees contribute pre-tax dollars for payment of health and/or dependent care expenses. Accounts are subject to maximums and forfeitures of unused monies.

Floating Holidays: Paid holidays taken at a time selected by the employee, with supervisory approval. Some organizations make floating holidays available for birthdays, anniversaries, religious events, or holidays important to the employee.

Flu Shots/Immunizations: Flu shots are offered free of charge for employees. Some programs also include employee's covered family members as well. Immunizations for family members are covered for free or at a reduced cost.

Formal Pay Structure: A schedule of pay rates or ranges into which each job is assigned. Pay rates for individual job incumbents fall between the minimum and maximum pay rate established for the job.

401(k) Employee Savings Only: Participants save without the benefit of an employer contribution. The distinction of this plan is that their savings are made on a pre-tax basis. That is, the money is contributed to their account before taxes are paid on the money. They are not taxed on the contributions until it is withdrawn from the account.

401(k) With Employer Contribution: A retirement savings account in which employees contribute on a pre-tax basis and the employer contributes as well. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution. The employer's contribution is usually, but not always, in the form of a match on employee contributions.

403(b) (Tax Sheltered Savings) Employee Savings Only: Similar to 401(k) plans, but are available only to certain not-for-profit organizations. Participants contribute on a pre-tax basis.

403(b) (Tax Sheltered Savings) With Employer Contribution: Similar to 401(k) plans, but are available only to certain not-for-profit organizations. Both the employee and employer contribute to the employee's account. Employer contributions may be a flat percentage of employee pay, but are usually related to the employee's contribution.

457(b) Employee Savings Only (Tax Sheltered Savings): This plan is similar to the 401(k) plan, but is available only to public employees. Participating employees contribute to the plan on a pre-tax basis.

457(b) With Employer Contribution (Tax Sheltered Savings): This plan is similar to the 401(k) plan, but is available only to public employees. An employer makes a contribution to an employee account in addition to the employees contributing on their own. The employer contribution may be a flat percent of employee base pay, but it usually is tied to the employee's contribution.

457(f): This plan is a non-qualified deferred compensation arrangement (a non-qualified retirement plan) that provides certain tax-exempt employers with an opportunity to supplement the retirement income of highly- compensated employees. Within such an arrangement, employers can contribute to this plan, and all the contributions become vested at an agreed upon time in the future (typically at retirement).

Full-Time Equivalent Units (FTEs): The total number of hours worked by employees divided by the number of full-time hours in the employer's standard work year.

Full-Time: The average minimum number of weekly scheduled hours for full-time employees to be eligible for benefits.

Gainsharing: Incentive plan that pays for gains made through employee efforts to reduce costs and improve productivity.

Gross Annual Revenue: All receipts from the sale of a product or service before anything is deducted.

Group/Subsidiary: An independent entity reporting to Corporate. Groups/Subsidiaries consist of multiple product divisions or profit centers.

Health Reimbursement Account (HRA): Health Reimbursement Accounts are used to pay for qualified medical expenses and may be used to reimburse employees for the purchase of health insurance. HRAs are not required to be pre-funded, vested or linked to a high deductible health plan (HDHP). Contributions can only be made by the employer and unused account funds can be transferred for use the next year. HRAs are wholly owned by the employer and are not portable.

Health Risk Assessment: Individuals complete a questionnaire covering lifestyle and health issues. Results indicate areas where health may be at risk and suggestions for healthier living.

Health Savings Account (HSA): Accounts created to benefit an individual covered under a High Deductible Health Insurance Plan. They can be used to pay medical expenses not covered by insurance. Contributions to the plan are deductible from an account holder's federal income tax and, where permitted, from state income tax. In general, the employer or the employee may make contributions. Amounts not used may be carried forward, and the account is portable.

High Deductible Health Plan (HDHP): Employees must satisfy a high health care deductible before insurance benefits begin. Because first dollar expenses are not covered by these plans, their premiums are often significantly lower than conventional health insurance plans. Often a component of Consumer-Driven Health Plans.

HMO Plan (Health Maintenance Organization): Medical insurance plan that provides a full range of health services within a certain geographic area. The group providing the services could be located in a single facility/clinic or could be a group of physicians that practice in their own offices. Participants receive care from plan approved health providers and facilities. Primary care physicians act as "gatekeepers" to specialists and services.

Incentive Pay: Reward for performance above expected standards. It is differentiated from other reward systems listed.

Incentive Stock Options - Non-Qualified: A stock option where the executive has the right to pay today's market price for a number of shares in the organization at a future time. The plan does not meet IRS statutory requirements for favorable tax treatments.

Incentive Stock Options – Qualified: A stock option where the executive has the right to pay today's market price for a number of shares in the organization at a future time. The plan qualifies under statutory requirements and consequently has certain tax advantages to both employer and employee.

Indemnity Plan: Indemnity plans or "Fee-for-Service" plans have no restrictions on healthcare facilities used by the insured. The insured pays a certain amount of the expenses up front in the form of an annual deductible, and thereafter, the insurance pays a percentage of covered expenses. Coverage is usually more limited than with other types of coverage with routine and preventative care visits not subject to reimbursement.

Key Contributor: Compensation designed to reward an individual who contributes unique skills and knowledge critical to the accomplishment of the organization's business plan.

Leave Assistance Program: Pooled leave program where employees can donate leave that they can utilize at a future time and/or donate leave to a specific co-worker. There are typically restrictions on what events qualify a worker to use this time.

Long-Term Care Insurance: An insurance plan that provides benefits designed to defray the cost of long-term care. These plans typically cover employees and their family members.

Long-Term Disability Insurance: An insurance plan providing benefits designed to protect an employee's income loss due to a disability that persists after an elimination period or exhaustion of sick leave benefits. Benefit periods may last up to age 65.

Long-Term Incentive: An incentive awarded to employees for achieving an organization's long-term strategic objectives such as return to shareholders, earnings per share, return on assets, etc. The performance period for these incentives is typically three to five years, and the payout is not received until the end of the period.

Lump Sum Increases for Employees At/Above Max: The number of organizations having pay policies that allow granting one-time, lump sum payments to employees whose base salary is at or over the range maximum. These increases will not increase the base annual salary.

Mandatory Benefits: Benefits required by State or Federal law. For example: Social Security and Unemployment.

Market Adjustments: Dollars budgeted for increases to employees in certain positions to bring pay in line with the competitive market.

Maximum Annual Accrual: The maximum number of hours/days an employee can accrue in a year.

Maximum Out-of-Pocket Expense: The maximum out-of-pocket expense is the maximum amount the insured is responsible for before the insurer pays expenses at 100%.

Medical Insurance Coverage: Answer "yes" to this question if employees have an opportunity to participate in employee sponsored health/medical coverage, regardless of the type of plan offered or who pays the premium.

Merit Increases: The percent of payroll dollars budgeted to cover pay increases based on employee performance.

Mid-Point: The calculated middle rate of a formal salary range.

Money Purchase: The amount contributed to participant accounts is based on a specific formula. For instance, each year a participant may receive a contribution of “4%” of base pay.

Network of Health Care Professionals: A network of healthcare providers who will provide special prices for participants in an employer’s health plan.

Non-Deferred Profit Sharing: Annual cash payout of profit sharing plan (as opposed to a deferred retirement arrangement that pays when an individual reaches retirement age).

Number of Incumbents Reported: The actual number of employees in the reported position.

Number of Organizations: The number of organizations supplying data for each particular breakout.

Offer Wellness Rewards/Incentives: In order to increase program participation or reward individuals meeting/exceeding wellness-related goals, organizations may offer lump sum bonuses, gift certificates, additional time off work, lower insurance premiums, lower insurance deductibles or reimbursement for health club memberships.

Onsite Health Clinic: Medical professionals in a clinic setting located at work which typically handles treatment of acute illness as well as preventative services

Orthodontia: Treatment for misaligned teeth often involving braces or oral surgery.

Other Increases: Any other increases to an employee’s base pay.

Outplacement Services: Services may be offered to displaced employees following a layoff or other type of separation. Services can include: career assessment, coaching/counseling, resume development, and interview training.

Paid Holidays: The average number of employer-paid holidays per year.

Paid Time Off (PTO): The average number of paid hours off when paid time off is combined into one program. Usually this includes vacation, sick, and personal time. It may also include holidays.

Pay Increase Budgets: The percent of total payroll budgeted for all employee pay increases.

Pay Range Adjustment: The amount of change in the midpoints that have been set for the pay grades of a formal pay structure. It does not reflect actual pay adjustments given to individual employees.

Percentile: The value below which a given percentage of the data falls. For example, the 25th Percentile is the value that 25% of the data is less than, and the 75th Percentile is the value that 75% of the data is less than. The 50th Percentile is the same as the median.

Performance Share Plans: The number of awarded stock shares is based on organization performance.

Performance Unit Plans: The current value of the stock is used to develop a dollar allocation rather than a stock award.

Perquisites: Any of a number of privileges granted to employees in addition to basic wages, salaries, and ordinary benefits. The term often applies to executive perks such as automobiles and limos, resort vacations, club memberships, special washroom and dining facilities, reserved parking spaces, and use of corporate aircraft and other equipment.

Personal Days: The average number of paid personal days granted per year by employers that do not have a PTO program.

Phantom Stock: Benefit plan that gives executives many of the benefits of stock ownership without actually giving them organization stock. Sometimes referred to as “shadow stock.”

Pharmacy Benefit Management (PBM): A prescription drug benefit program that manages costs and reduces cost increases. PBMs may be offered by organizations that contract with managed care organizations, self- insured employers, insurance organizations and others to provide managed prescription drug benefits.

Physical Fitness Facility Access: Employees can engage in exercise, nutrition, and wellness programs either through workplace fitness centers or through discounted memberships at off-site fitness centers.

Plant - A single location housing equipment, materials and employees necessary for an industrial or manufacturing operation.

Position Match: Indicate how closely your job compares to the survey job description. Note: You are matching your job with the job description, not the job title. For example, if your organization’s job has more responsibility than the survey job to which you are matching, you would indicate “More”.

POS Plan (Point-of-Service): This plan is generally used in a managed care medical plan in which the level of benefit received depends on the “point of service” where care begins.

Postal Code: Enter the postal code for the work location you are reporting. If you have a job occurring in more than one postal code, report the job once for each postal code.

PPO Plan (Preferred Provider Organization): A Preferred Provider Organization (PPO) plan contracts with various healthcare providers (physicians, hospitals, etc.) to provide medical services to the covered individuals. Employees who enroll in such a plan choose from a list of participating healthcare providers and organizations in order to benefit fully (in terms of dollars) from this arrangement.

Pre-Admission Testing: Conducting medical tests on an outpatient basis in order to reduce the number of days a patient is hospitalized.

Pre-Existing Condition: A health or medical condition that was diagnosed or treated before enrollment in a new health plan. Some pre-existing conditions may be excluded from coverage during a specified timeframe after the effective date of coverage in a new plan.

Pre-Tax Basis: If employees share in the cost (pay all or a portion of the premium) of medical and/or dental benefits and are allowed to pay those premiums before paying taxes on the money, you should answer “yes” to this question. This “pre-tax payment of premium” arrangement is permitted through Section 125 of the Internal Revenue Code.

Privately Held Entities: Includes organizations that do not have securities traded on the open market.

Profits: The award is based on meeting or exceeding established profit goals.

Profit Sharing: This is a plan in which organization contributions are based upon business profits. The amount contributed will vary from year to year. Once the organization decides how much money to contribute to the plan as a whole, amounts are allocated to individual participant accounts according to a formula.

Promotional Increases: Dollars set aside in anticipation of promotions.

Publicly Held Entities: Includes organizations that have securities traded on the open market.

Range Maximum: If your organization has formal pay ranges, please report the maximum of the pay range here. Do not report the highest rate actually being paid for this job, unless it is the same as your formal range maximum. If your organization does not have formal pay ranges, please leave this item blank.

Range Minimum: If your organization has formal pay ranges, please report the minimum of the pay range here. Do not report the lowest rate actually being paid for this job, unless it is the same as your formal range minimum. If your organization does not have formal pay ranges, please leave this item blank.

Restricted Stock Plans: Conditional transfer of stock to the executive. Stock cannot be assigned, transferred or sold without tax liability, but shares can be voted and dividends are received.

Return on Assets: The award is based on ratio of earnings to the total assets of an organization.

Return on Equity: The reward is based on the ratio of financial return of an organization to shareholder equity in the firm.

Return on Sales: The award is based on the ratio of earnings from operations to net sales.

Second Surgical Opinion: Requiring the insured to see another physician regarding a medical condition prior to the insurance provider agreeing to cover surgery.

Self-Insured: Refers to a health benefit plan in which the organization pays for claims as they are incurred. Generally, claims are paid through a third-party administrator and the organization maintains stop-loss insurance coverage to protect it from extraordinary claims.

Shift Differentials: The additional pay per hour to compensate employees for working a shift or day other than a regular shift.

Short-Term Disability Insurance: An insurance plan that provides benefits designed to protect an employee's income loss due to disability. Benefit periods usually range from 30 days up to two years.

Short-Term Incentive: An annual incentive typically paid in cash to compensate employees for achieving the organization's short-term goals or business strategy.

SIC Code: The Standard Industrial Classification (SIC) is a numeric system issued by the government to classify different types of business.

Sick Days: The average number of paid sick days granted per year by employers that do not have a PTO program.

Skill-Based Pay: Pay differentiation based upon specified skills, tasks or knowledge of job incumbent, whether or not utilized.

Spot Incentives: A relatively small cash payment awarded to employees on-the-spot for excellence

Stock Appreciation Rights: A non-qualified stock option where the optionee receives the appreciation of Fair Market Value over the option price either in stock or cash value without providing funds for the option price.

Supplemental Executive Retirement Plan (SERP): A form of non-qualified pension plan which offers the organization the ability to grant more liberalized benefits to ensure retirement amounts beyond those authorized under ERISA can be provided to the highly paid employee.

Supplemental Medical Coverage: An executive perquisite that provides benefits in addition to those normally provided by the organization's medical plans.

Supplemental Retiree Health Benefits: Coverage beyond that allowed by Medicare coverage.

Survey Job Number: Please enter the *Compensation Data* Job Number which reasonably compares to the position for which you are reporting data.

Team Incentives: Reward to members of a team who have worked together to accomplish pre-assigned goals.

Tenure: The average number of years an incumbent has occupied their current position.

Tiered Match: The organization contribution is based upon a first portion of employee earnings up to a limit, and then changes to a different amount up to a final limit. For example, the organization match is 50% up to 3% of the employee's salary, and then is 25% up to 8% of the employee's salary.

Title/Job Code: Please enter your organization's job title or internal job code of the job you are matching.

Tobacco Cessation: Programs may include discounts or no-cost cessation counseling, nicotine gum, patches, and/or medications. It may also be referred to as smoking cessation.

Total Assets: The sum of current and long-term assets owned by a person, organization, or other entity.

Total Turnover Rate: To determine total turnover rate, divide the number of employees who left the organization (regardless of reason) in 2012 and divide by your average total employees for 2012.

Unit Performance: The award is based on the ratio of unit revenue to net revenue.

Utilization Review: A system of review of the appropriateness, necessity and quality of health care as a means of cost control.

Vacation: The average number of hours of vacation provided by the organization if not part of a formal PTO program.

Variable Pay: A part of an employee's total compensation that is determined by the performance of the individual. These plans can be based on short or long-term performance.

Vested: A participant is 100% vested when he/she is entitled to all employer contributions made on the employee's behalf. For instance, a plan may grant 100% vesting after five years of service, or have a graded vesting schedule where an eligible employee is first entitled to 20% of employer contributions after three years of service, 40% after four years, increasing in 20% increments and 100% vested at six years of service. Some employers grant 100% vesting immediately. If that is the case, the correct answer to this question is "0." "Years of Service" is defined in the plan document and will vary from plan to plan.

Vision Insurance: Coverage outside of surgical and medical treatment of the eye covered under a medical plan. Generally, this question is meant to identify the prevalence of employers who offer vision care programs that cover eye examinations and materials such as lenses and frames for glasses and contact lenses.

Voluntary Benefits: Discounted products or services offered to employees.

Voluntary Turnover Rate: To determine voluntary turnover rate, divide the number of employees who voluntarily left the organization in 2012 by your average number of total employees for 2012. For example: 57 employees voluntarily left and the average number of employees was 1000. The turnover rate is 57/1000 = 5.7%.

Waiting Period: The amount of time that must elapse from the day of hire to the first day of coverage.

Weighted Average Base Rate: The average rate for each organization multiplied by the number of incumbents reported in the position by each organization, divided by the number of all reported incumbents. It gives weight to all the incumbents in the job.

Weighted Average Total Compensation: The result of weighting the total average rate paid, including incentives.

Weight Management: Program may include education on exercise and nutrition, classes, weight loss challenges, or discounts on programs such as Weight Watchers.

Wellness Programs: Programs that include features such as free or reduced-cost annual physicals, immunizations or tobacco cessation programs.