

ARE COMPANIES REQUIRED TO PROVIDE BENEFITS? ASK THE HR GUY



I have just started a new job with a brand new company. It is a store with about 20 employees with about 5 full time. None of the full time employees have been offered any kind of benefits. Is this legal? I always thought that if you were employed full time, the company was required to offer some sort of benefit package. I appreciate any input you can give me.

Thanks.

Benefitless

Dear Benefitless:

Unfortunately for some employees in America, small businesses are not required to provide many benefits to their workers. The only federal and state mandated benefits for all businesses are Social Security, federal and state unemployment insurance, and workers' compensation. Everything else is optional for small companies.

Starting in 2015, large employers with 50 or more workers have a responsibility — but no mandate — to offer employees health coverage. If they don't, they may face fines, but only if their workers go to health insurance exchanges and have earnings low enough to qualify for federal subsidies. Stores and restaurants — less likely to offer health insurance in the past — may be most affected. The coverage rule doesn't affect workers who put in less than 30 hours a week.

While Congress has passed some laws that require companies to provide extra benefits to their staff, small businesses are usually exempt. The reasoning is that a small company could be crippled if forced to provide employees with costly perks. For example, the Family and Medical Leave Act allows employees to take a leave of absence from their jobs in order to take care of a newborn child or a sick close family member and not risk being fired. But this law does not apply to organizations with less than 50 employees.

Most small businesses do provide some kind of benefits, such as sick leave, bereavement, and vacation time, and while these are sometimes taken for granted, they are not required. In our free market society, employers who want to attract the best talent, and keep up with the competition, will offer a good benefits package as incentive. Of course, this means that during an economic downturn, when job openings are scarcer, companies can eliminate or pare down parts of their benefits programs and still be able to attract the candidates they want.