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Conserving Cash and Building Relationships through Bartering



Even as rising inflation takes a bite out of the bottom lines of companies, some innovative businesses have found a way to lessen the sting of higher prices and hold on to their cash by choosing to barter, rather than to buy and sell, certain goods and services. Done properly, bartering can turn out to be a great way to improve productivity and efficiency, while forging new business relationships and attracting new customers.

Forms of bartering have been around throughout human history, and direct trades preceded the invention of money by millennia. But the potential for cashless exchanges between sometimes distant trading partners has just started to reemerge in modern times with the advent of the Internet, which facilitates the process of identifying barter partners and arranging mutually advantageous trades.

Bartering can be particularly attractive to businesses that are short of cash. While there is often little option but to pay cash for certain items, such as utilities and insurance, it may be possible to exchange goods and services in other areas. For example, a landscaping company could agree to tend the lawn of a local car dealer over a period of time in exchange for a truck or van.

For some types of businesses, bartering may also provide a channel for shedding excess inventory, while acquiring something more valuable than the cash they would have earned by liquidating non-performing assets. And, by offering their goods or services as a trade during slack times when fewer paying customers are lining up, companies may be able to continue to make “sales” that are reimbursed with trade credits.

There are a number of ways for businesses interested in bartering to get started. Companies can, of course, approach existing customers or suppliers directly to discuss what types of trades could be mutually beneficial. Local trade

organizations also offer networking opportunities for businesses looking to barter, while supporting enterprises in their community.

Business owners who become involved in barter relationships should, however, take care to formalize any barter agreements. Even if no actual cash changes hands, trading partners should draw up a contract specifying exactly what is being bartered and assign a monetary value to all trades. This is not only helpful in avoiding misunderstandings about the amount of goods or level of services that are being traded between the bartering partners themselves, but it is also necessary for tax purposes. With very few exceptions, the IRS requires both parties engaged in commercial bartering to report these transactions as income in the year in which the goods or services were received.

To widen their opportunities for bartering, many businesses join exchange groups. Some of these exchanges have hundreds or even thousands of members, often in a diverse range of industries. Members can take advantage of these exchanges by offering their goods and services to other members. But instead of getting something in return directly from the recipient, the member business earns trade credits that may be used to obtain property or services from yet another member. It should be noted that some exchanges are for-profit ventures that collect membership fees or a portion of the value of each transaction.

The opportunity to network is yet another reason why smaller companies may wish to consider bartering. Participation in a barter exchange can help business owners develop relationships with other entrepreneurs who may turn into paying clients or even business partners. As members of online exchanges, companies can present profiles of their organizations to a wide audience and participate in online forums that can prove useful for making valuable contacts and swapping information. ■

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Benefits of Bluetooth Connectivity for Small Businesses

Named after a 10th century Danish king who was known for bringing feuding Scandinavian rulers to the negotiating table to settle their differences, Bluetooth is a wireless protocol that allows a diverse range of IT and communication devices to “talk” to each other. Business owners looking to improve productivity and efficiency both on the road and in the office should consider investing in equipment that takes advantage of the convenience and connectivity offered by Bluetooth technology.

What Is Bluetooth Technology?

Bluetooth is a short-range communication system that can be used to exchange information without the use of wires between a wide range of devices, including desktop computers, notebooks, keyboards, mice, printers, digital cameras, personal digital assistants (PDAs), and mobile phones. An office that is outfitted with Bluetooth-enabled hardware has a sleek, uncluttered look, with a minimum of bulky cables snaking across desks and floors.

Fortunately for businesses on a tight budget, the cost of Bluetooth technology has come down considerably, even as quality has improved. According to trade association Bluetooth SIG, more than five new Bluetooth-enabled devices come on the market each working day, and 13 million Bluetooth units are shipped every week.

A radio protocol with the technical name IEEE 802.15.1, Bluetooth is ideally suited to creating wireless personal area networks (PANs) in relatively small spaces, such as an individual office or a car. While transmission ranges can be as great as 300 feet, the effective maximum range of most Bluetooth-equipped devices is around 30 feet or less.

Because Bluetooth has a shorter range and offers less bandwidth, it is not a substitute for Wi-Fi, or IEEE 802.11, which is used to create networks within large office spaces and to transmit bigger files. Yet, compared with Wi-Fi, Bluetooth consumes much less power and may be more secure. Bluetooth-enabled devices contain small chips that send signals to each other over a part of the radio spectrum reserved for industrial uses. As traffic on these bands can be heavy,

Bluetooth devices rapidly “hop” frequencies when sending and receiving information, making it difficult to intercept transmissions. Additionally, Bluetooth systems are generally protected by data encryption and user authentication safeguards.

What Can Bluetooth Technology Do?

By setting up an office that relies on Bluetooth connections, employees can, for example, transfer documents or photos from a mobile phone or digital camera to a desktop computer, or send files from a computer or PDA to a printer—all without wires. Bluetooth-enabled computers and PDAs that have been “paired” by the user will automatically synchronize their calendar and contact information. Workers can also sit or move around the office while wearing Bluetooth headsets that allow them not just to talk on the phone, but to dictate letters or other written documents to a voice recognition software program on a computer or other device.

Businesses wishing to move toward Bluetooth connections do not have to immediately replace all equipment; instead, some older devices can be Bluetooth-enabled by plugging in an inexpensive USB adapter or by having a card installed in computers. Companies can start by making small investments in Bluetooth technology and acquire more equipment as resources permit and business needs change.

With more states banning drivers from holding cell phones while driving, Bluetooth technology is becoming increasingly pervasive in cars. To use their mobile phones hands-free, drivers often use Bluetooth headsets or speakerphones that attach to the visor. While earlier generations of these devices were notorious for their short battery life and static-filled transmission, today they offer much better quality, at very affordable prices.

Many new cars now also come with the option of integrated Bluetooth-enabled audio systems for use with cell phones that include built-in microphones and speakers. Some advanced systems also feature voice recognition capabilities that allow drivers to give verbal instructions to the phone, making talking while driving much safer and more convenient. ■



Using Guerrilla Marketing to Get Noticed



Grabbing the attention of potential customers amid the noisy and increasingly crowded marketplace can feel like an uphill battle to small businesses.

Guerrilla marketing techniques are developed to help level the playing field between companies with generous advertising budgets and smaller players with big ideas but little money to spend on conventional forms of marketing.

As the name suggests, “guerrilla marketing” draws upon lessons from military conflicts, in which soldiers who found themselves outgunned and outnumbered used unconventional tactics to defeat their enemies and achieve their goals. Like these soldiers, guerrilla marketers tend to rely on the element of surprise to gain the advantage.

First coined by Jay Conrad Levinson in 1984, guerrilla marketing has caught on among entrepreneurs seeking maximum returns with minimal financial resources. According to Levinson, what small businesses lack in size, they can make up for in agility and proximity to their customer base.

Direct knowledge of their customer base, and how to appeal to them directly, is one of the main advantages smaller businesses enjoy relative to their major competitors. The focus of guerrilla marketing campaigns is often on building stronger relationships with existing customers who are likely to recommend the products or services of the business to friends and acquaintances. A related concept is grassroots marketing, in which customers are drawn directly into marketing campaigns or even asked to create ads themselves.

Instead of just distributing advertising materials, businesses may want to consider offering free or low-cost additional services to customers, such as colorful newsletters or flyers containing information and entertainment relevant to the line of business. For example, a shop that sells food items could pass out recipes or booklets with stories about the farmers who grew the fruits and vegetables. Self-produced calendars with tongue-in-cheek photographs of the firm’s employees and customers may even turn into collectors’ items.

With a little imagination, entrepreneurs can make up a holiday related to their business and “celebrate” the day with a party or promotion.

A florist could mark “Tulip Day” by giving away a single tulip to each person who comes into the shop, while an auto mechanic could declare an “Oil Change Day,” displaying banners inviting customers to change their oil at half the usual price. For added impact, employees could dress up in special costumes appropriate to the promotional event.

Rather than paying for expensive ad space in a local newspaper or trade publication, business owners could offer to contribute an informational or opinion piece on a subject relevant to the business and of interest to readers. An accountant may, for example, offer advice on personal finance, while a bookstore owner could offer tips to parents on how to inspire their children to become avid readers. Entrepreneurs can also look for opportunities to speak to groups in the community or hold seminars on topics of interest to potential customers.

Even very small businesses can start social clubs for regular customers. A shop that sells camping equipment may offer a networking service for customers hoping to find hiking partners, while a coffee shop could sponsor a “mommy and me” morning once a week. Holding contests can also be a great way of attracting attention. A garden center could challenge customers to grow the biggest pumpkin or the most beautiful rose, and a photography store could offer prizes to customers who take the cutest children’s pictures.

Provided they are not illegal, guerrilla marketers may try out even more unconventional methods to draw attention to their business. For example, a building contractor might surreptitiously insert a business card between the pages of a library book on home repairs. Using a handheld camera, entrepreneurs may conduct interviews with customers, asking them for their views on a subject related to the business; with permission, the best comments can then be spliced together and presented on the company website or on social networking sites.

Creativity is often the key to successful guerrilla marketing campaigns. Armed with knowledge of their target customers, small businesses can develop strategies to help get the word out about their products and services. ■

What's Your Management Style?

At times, managing employees can feel more like an art than a science. Approaches that work well with certain workers and in certain types of workplaces may prove ineffective in other circumstances. A good manager should be prepared to adapt his or her management style to the culture and business requirements of an organization, as well as to the dynamics of groups and personalities of individual employees.

Below are some common management styles, with descriptions of the types of environments in which they are likely to prove particularly effective, or as the case may be, counterproductive:

Authoritative. Managers who adopt this top-down approach tend to assume that people don't like to work and must be coerced into performing their jobs properly. Authoritative managers believe in imposing strict guidelines and policies, insisting that employees follow the rules. Managers who use this style seldom ask workers for their opinions or participation in decision making. Instead, they demand unquestioning obedience and may even discipline employees who fall out of line.

While this style of management may produce compliance in the short-term, employees who work under authoritative managers may become discontented and rebellious. On the other hand, some form of this style may be appropriate in situations where employees lack self-discipline and need very clear and precise instructions about how to carry out their duties.

Democratic. Advocates of the democratic style of management believe that the business benefits when employees are given the opportunity to express their opinions about the company's operations and to have some individual control over their work environment. At the same time, democratic managers cultivate cooperation and teamwork among employees.

Rather than threatening employees with negative consequences if they fail to produce the desired results, democratic managers offer incentives for superior performance, such as monetary bonuses or forms of public recognition. Managers using this approach focus on the positive aspects of an employee's performance, encouraging them to build on their contributions in the future.

This management approach is especially appropriate with employees who know their jobs well and have proven that they can do their work without requiring constant supervision. Occasionally, however, employees may feel democratic managers are offering them too little direction or instruction and may find it difficult to motivate themselves to make good choices.

Paternalistic. Managers who adopt this style are directive and make most decisions unilaterally. But unlike those managers who opt for an authoritative approach, paternalistic managers make an effort to show employees they care about them personally, often by throwing parties or offering certain perks. These managers are friendly up to a point, asking employees about their personal lives and showing an interest in their well-being.

The paternalistic style tends to work best when employees have much lower skill and responsibility levels than the managers. Workers who are more experienced and independent may, however, find this approach patronizing.

Reactive. Most management experts agree that this is one of the least effective management styles. Reactive managers fail to provide employees with guidelines and direction, and may even neglect to supervise the work of their subordinates for days on end. Yet, when it emerges that employees have not done their jobs correctly, these managers react by frantically trying to solve a problem that could probably have been prevented in the first place. The most dangerous reactive managers are those who, in an attempt to deflect blame from themselves, point fingers at others when things inevitably go wrong.

Laid-back. Sometimes referred to as *laissez-faire*, managers who use this style believe that by hiring the right people to do jobs that match their skills and abilities, the need to supervise their work will be minimal. Laid-back managers tend to treat employees as equal partners, discussing with them the work that needs to be done and allowing them to make many of their own choices. This style may be especially appropriate for managers working with highly skilled and creative professionals who understand certain aspects of their jobs better than the managers themselves, and therefore require some latitude in decision making. ■

A good manager should be prepared to adapt his or her management style to the culture and business requirements of an organization, as well as to the dynamics of groups and personalities of individual employees.

Beating the Long-Haul Business Travel Blues

As anyone who flies frequently knows, long-distance business travel can be arduous and, if you are the one who is picking up the tab, exasperatingly expensive. Increasingly crowded airports, intensified security, and time delays can compound the frustration of the experience.

If you have to fly to meet with clients or attend a conference, consider these suggestions for making your trip more enjoyable and productive:

Become a frequent flyer. While it may appear to make sense to always shop around for the cheapest airfare, achieving frequent flyer status often comes with benefits that outweigh paying a slightly higher price for some trips. As well as allowing you to accrue miles that can eventually add up to a free flight, becoming an elite frequent flyer brings with it a number of valuable perks, such as free or reduced price access to airline lounges, which offer comfortable seating, free drinks and snacks, and Internet access. Frequent flyers may also be given preference when booking flights, selecting seats, checking luggage, or boarding the plane. Best of all, an airline may bump you up to business or first class, even if you have only paid for a coach seat.

Handle your own hotel booking. Rather than relying on a travel agency to book a room that may be overpriced and with a view of a loud highway, take the time to investigate hotels online, looking for one that has the location, amenities, and the price range that best meet your needs. Call the hotel yourself to book the room, specifying the type of room you will need to work and sleep comfortably. While this may require some extra effort on your part, it will likely pay off in a better experience—and it may even help you snag some bargains.

Join a hotel members' club. If you often stay at the same hotel or chain of hotels, find out if they have a loyalty program that offers lower rates for business travelers or frequent guests. This can not only reduce your costs, but it can also simplify your stay, as you will have a general idea of the type of accommodation you can expect upon arrival.

Think about connectivity in advance. Especially if you are traveling internationally,

craft a strategy for staying connected before you take off. Investigate Wi-Fi hotspots at your destination, and check that your hotel offers Internet access at free or affordable rates. Be sure to pack any adapters for electronic equipment that might be needed in the country of destination. To avoid being hit with a big bill when you use your cell phone abroad, ask your phone provider for special international roaming rates. If none are available, consider purchasing a pay-as-you-go phone to make calls in the country and using an inexpensive Internet phone service to make calls to the U.S.

Pack wisely. For short trips, try to pack only a large carry-on bag. This will make check-in easier and allow you to avoid wasting time at the baggage carousel. If you must check a bag, pack as lightly as possible and ensure that the suitcase is easy to roll even when fully packed. Consider clothing that is mainly dark, is plain, and does not need to be ironed. Take as few toiletries as possible, keeping in mind that any liquid toiletries in a carry-on bag must be smaller than three ounces; these must be kept in a separate plastic bag for security inspection. If you are a light sleeper, don't forget to take earplugs and a mask to help you nod off on the plane and in your room. Pack a healthy snack for the flight, and carry an empty plastic bottle that you can fill with water once you have passed security.

Prepare your own in-flight entertainment. Unless you plan to work the entire time while traveling, don't forget to pack some light reading in your carry-on bag. While some longer flights allow passengers to choose from a selection of movies, you can also download films onto your laptop or carry a DVD to watch while on the plane or waiting in the terminal. You can also download music and podcasts onto an MP3 player or cell phone.

Don't forget to have some fun. Even if your schedule is tight, find ways to unwind on the trip, even if it is only swimming in the hotel pool, working out, or enjoying a relaxing massage. Make the most of opportunities to dine with business contacts, choosing restaurants with reputations for tasty cuisine with a local flavor. If you have a little more time, check out the tourist attractions or book a night at the theater. ■



Supreme Court Upholds Age as a Factor in Pension Eligibility

The U.S. Supreme Court ruled on June 19, 2008 that the state of Kentucky's retirement system, which provides certain categories of younger workers who become disabled with additional pension benefits not available to employees who continue to work past normal retirement age, does not violate the Age Discrimination in Employment Act of 1967 (ADEA).

In *Kentucky Retirement Systems v. EEOC*, the Court held in a 5-4 decision that, in cases where an employer adopts a pension plan that includes age as a factor in determining eligibility for pension benefits, and the employer treats employees differently based on pension status, the plan does not automatically violate the ADEA. Instead, the Court ruled, the plaintiff who challenges the employer's policies must show that the differential treatment was actually motivated by age.

Under Kentucky's retirement system, state employees become eligible for normal retirement either after 20 years of service or at age 55 after 5 years of service. Retirement benefits are calculated by multiplying years of service by 2.5% of an employee's final pre-retirement compensation. For employees who become disabled while holding "hazardous" positions, such as police officer or firefighter, the state's retirement plan provides credit for additional "imputed" years of service to the extent necessary to allow employees to retire with full benefits. The plan stipulates, however, that workers are not entitled to more imputed years than their actual years of service and that no imputed years may be credited to workers who become disabled after reaching the normal retirement age of 55.

The Equal Employment Opportunity Commission (EEOC) sued the Commonwealth of Kentucky and the state's retirement plan administrator on behalf of state employee Charles Lickteig, a deputy sheriff who became disabled at the age of 61, with 18 years of service. Because he was over age 55, Mr. Lickteig did not receive credit for imputed years of service due to disability when his pension benefits were calculated. This treatment by the state constituted age discrimination, Mr. Lickteig argued, because a younger disabled employee with 18 years of service would have also been credited with 2 imputed years of service.

While a District Court and a Sixth Circuit panel held that the EEOC failed to establish age discrimination in this case, the *en banc* Sixth Circuit court reversed these decisions, ruling in favor of the plaintiff. According to the *en banc* court, Kentucky's plan is discriminatory on the basis of age because it categorically excludes employees over the age of 55 who are still working from receiving disability benefits and because similarly situated employees who become disabled may be awarded different levels of benefits based on their age alone.

Instead, the Court ruled, the plaintiff who challenges the employer's policies must show that the differential treatment was actually motivated by age.

Citing the 1993 Supreme Court decision in *Hazen Paper Co. v. Biggins*, the Supreme Court majority held in the *Kentucky Retirement Systems* case that, while the years of service used to calculate retirement benefits is typically linked to age, pension status and age are concepts that are "analytically distinct." The ADEA permits employers to condition pension eligibility on age, the Court noted. Therefore, the majority ruled, even in cases where pension status is a function of years of service and age, discriminating on the basis of pension status does not necessarily constitute age discrimination and does not violate the ADEA, unless the difference in treatment is motivated by age.

In assessing the broader implications of the Supreme Court decision for employers, observers have noted that the degree of flexibility in structuring pension and disability plans will be unchanged for both public and private retirement plan sponsors. According to legal experts, the ruling could also help smooth the way for employers seeking to allow employees to take early retirement based on age, as well as years of service. ■



Family-Friendly Policies Help Retain Top Workers

Attracting and retaining top employees is a key issue for many companies in today's marketplace. With cost control a high priority for employers nationwide, businesses can benefit from understanding the various noncompensation-related factors that can help contribute to greater workplace satisfaction.

Workplace Initiatives

One way for companies to attract and retain high quality workers is to broaden their family and medical leave policies. From an *employee's* perspective, the guarantee of a job at the end of such a leave is an extremely desirable aspect of an overall benefits package. *Employers* can benefit too, since low employee turnover decreases training costs and results in fewer disruptions to continuity. Thus, many companies recognize that it makes good business sense to adopt a family-friendly approach, because the benefits outweigh—or at least offset—the costs that may otherwise be incurred.

Under the **Family and Medical Leave Act (FMLA) of 1993**, businesses with more than 50 employees are required to provide eligible employees with up to 12 weeks of unpaid leave for childbirth, adoption, or the serious illness of an employee or immediate family member. Small businesses—to which the FMLA does not apply—are not required to do so, but they may voluntarily *choose* to enact benevolent leave policies.

According to a U.S. Department of Labor (DOL) report, *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys 2000 Update*, more than 35 million employees had taken leave under the FMLA as of the year 2000. The DOL reported that 78.7% of employees who took leave under the FMLA felt that their time off had a positive effect on their ability to care for family members, and 93.5% felt their leave enabled them to more easily comply with instructions from their doctors. In addition, 83.7% felt their leave sped up their recovery.

In terms of business productivity, profitability, and growth, employers subject to FMLA regulations generally felt the legislation had no noticeable impact on their operations. To cover for an employee's absence, 98.3% of surveyed establishments temporarily assigned work to other

employees. Furthermore, of all companies surveyed (including those not subject to the FMLA), approximately one out of five offer leave beyond the 12 weeks guaranteed by the FMLA.

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Coverage Concerns

While many employers may *theoretically* favor the idea of family and medical leave, it is not surprising that they may be concerned about how to provide adequate work coverage during an extended leave. Assigning the work to other employees or outsourcing certain functions may be practical in some cases, but not in others.

Fortunately, the rise in the number of qualified individuals working for temporary help agencies offers a contemporary solution. In the past, "temps" may have been viewed as less qualified workers. However, today, it's rapidly becoming clear that more and more individuals are *choosing* temping as an alternative work style. Also, today's temps are available for all types and levels of positions. Whether a company needs a short-term secretary, graphic designer, engineer, computer programmer, or even a chief financial officer, temporary agencies now exist to fill the bill.

It Makes Good Business Sense

A family-friendly work environment can offer benefits for all parties in a workplace. Workers who have chosen temping as an alternative work style benefit from the recognition that they can step in and make valuable short-term contributions. Employees benefit when their employers recognize and support their need to care for newborns and aging parents, and when they provide job security during medical leaves. Finally, small businesses gain by reducing turnover and retaining skilled employees. ■





Interest in Telecommuting Growing among Office Employees



With gas prices approaching record highs, growing numbers of white collar workers are looking for ways to reduce the cost of commuting, according to a study released by public-private partnership Telework Exchange.

The organization's survey of full-time employees conducted in May 2008 showed that, while 38% of workers claim they would pay any price for gas, more than three-quarters (78%) of employees report they have already taken steps to change their lifestyles to reduce their dependence on gas, including taking fewer car trips, consolidating errands, and eating out less frequently.

The survey found that 84% of workers rely on their own transportation to get to and from work, spending an average of \$2,052 a year on gas. More than one-quarter (28%) of respondents indicated they are looking for a new job to reduce commuting costs, and 89% said they would limit a job search due to potential commuting costs.

While the vast majority (92%) of survey respondents said their jobs could be done from home via telework, just 39% indicated they currently telecommute. Nearly all (95%) survey participants said they are interested in teleworking to reduce commuting costs. Researchers noted that, if all white collar workers in the United States who wish to telecommute were permitted to work from home two days a week, they could collectively save 9.7 billion gallons of gas and \$38.2 billion a year.

"With gas prices soaring, we need to explore pragmatic and innovative alternatives to typical modes of commuting," said Congressman John Sarbanes (D-MD). According to Sarbanes, the federal government is considering ways to offer more telecommuting opportunities to federal employees, both to help the government compete for the best employees and to assist federal workers in balancing work and family. ■

Benefit Offerings Changed Significantly over Past 10 Years

Employee benefit offerings among U.S. employers have shifted substantially over the past decade, with some companies cutting back on their contributions to health care and retirement plans, while workplace flexibility programs show signs of growth, according to a study by the Families and Work Institute.

Based on the results of recent a survey of 1,100 employers with 50 or more employees, the study found that 79% of employers now allow at least some workers to change their times of arrival and departure. By contrast, 68% of employers surveyed in 1998 offered flexible schedules. However, 47% of the companies polled in 2008 indicated they permit at least some employees to move from full-time to part-time work and back again, down from 57% in 1998.

The 2008 survey also showed that 53% of employers now offer some employees the option of phased retirement, and 38% allow some employees to take unpaid sabbaticals of six months or more.

Moreover, 65% of the employers surveyed in 2008 indicated they sponsor employee assistance programs, compared with 56% in 1998; and 39% in 2008 said they provide workers with access to information about services for the elderly, compared with 23% in 1998. In addition, 31% of respondents in the 2008 survey said they offer health benefits for domestic partners, up from 14% a decade ago.

Meanwhile, just 4% of the companies surveyed in 2008 said they pay all of the health plan premiums for family members of employees, down from 13% in 1998; and only 29% in 2008 indicated they sponsor a traditional pension plan, compared with 48% in 1998. Results of the 2008 survey further showed more than one-third (35%) of health plan sponsors have increased premium co-pays over the past 12 months, and that employers are less likely to contribute to employees' retirement plans than a decade ago. ■

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