

Practice Questions – Compensation & Benefits

NOTE: The answers to these questions are provided at the end of the page.

1. Direct compensation includes which of the following:

1. Flexible benefits
2. Long-term incentive pay
3. Workers' Compensation
4. Unpaid leave

2. Indirect compensation is represented by which of the following:

1. Social Security benefits
2. Short-term incentive pay
3. Differential pay
4. Merit pay

3. An audit and review of the services and costs billed by health-care providers is known as:

1. Procedural review
2. Practice analysis
3. Utilization review
4. Operational control

4. Person-based pay systems:

1. Pay higher performers more aggressively
2. Pay employees with long service more
3. Will not work when large numbers of professionals are employed
4. Pay employees for what they are capable of doing rather than the tasks they currently perform

5. Executives typically receive:

1. All of their direct compensation in incentives
2. Fewer perquisites than other employees
3. A higher percentage of their direct compensation in base salary than do other employees
4. A wider variety of compensation programs than do other employees

6. Which of the following employees must be paid overtime?

1. A janitor who worked 30 hours during the workweek and was also paid for 12 hours of vacation time
2. A vice president in charge of operations who worked 50 hours last week
3. A nonexempt employee who put in 45 hours last week
4. A dock worker who worked 40 hours, including 10 hours on Christmas

7. Which is an example of a health-related service that would be under the area of employee assistance programs?

1. Smoking cessation
2. On-the-job accident protection
3. Family and marital counseling

4. High blood pressure control

8. A compensation program should address which of the following objectives?

1. legal compliance with all appropriate laws and regulations
2. cost effectiveness for the organization
3. internal, external, and individual equity for employees
4. all of the above

9. An employee who holds a non-exempt position under the Fair Labor Standards Act:

1. exercises discretionary authority for independent action
2. uses the percentage of his or her time performing routine, manual, or clerical work
3. earns an annual income in excess of \$100,000
4. none of the above

10. One strategic business reason for offering a comprehensive benefits package to employees is:

1. to help attract and retain employees
2. to beat out the competition
3. to decrease employer operating costs
4. to offer cafeteria-style health care plans to employees

11. The Davis-Bacon Act of 1931:

1. requires company with federal supply or service contracts exceeding \$10,000 to pay a prevailing wage
2. deals only with firms engaged in federal construction projects valued in excess of \$2,000 and requires that the "prevailing wage" rate be paid
3. addresses wage discrimination on the bases of sex
4. establishes overtime pay requirements

12. Which of the following is not one of the three main factors of the Hay system?

1. experience
2. know-how
3. problem solving
4. accountability

13. Which of the following is a legally mandated benefit?

1. social security
2. unemployment compensation
3. workers' compensation
4. all of the above

14. What provides counseling and other help to employees having emotional, physical and other personal problems?

1. employee assistance programs
2. Drug Free Workplace Act
3. OSHA

4. wellness programs

15. Which of the following acts deals directly with discrimination in compensation?

1. Comparable worth
2. Equal Pay Act
3. Davis-Bacon Act
4. Fair Labor Standards Act

16. Which of the following is a funding feature of a health plan?

1. HMO coverage
2. PPO coverage
3. self-insurance
4. office visits

17. Total benefits cost (TBC):

1. is a ratio of benefit cost per employee to average number of employees
2. is exclusive of miscellaneous items such as education
3. includes staff time, overhead, processing costs
4. is not usually calculated because it varies so much

18. Similarity in pay for jobs requiring comparable level of knowledge, skill, and ability, even where actual job duties differ significantly is the:

1. Equal Pay
2. Pay Equity
3. Paycheck Fairness Act
4. None of the above

19. An incumbent who is paid below the range set for the job:

1. red-circled employee
2. green-circled employee
3. blue-circled employee
4. None of the above

20. Variable pay is also known as:

1. incentives
2. group pay
3. performance pay
4. B and C

21. A security benefit voluntarily offered by employers to employees who lose their job:

1. COBRA
2. Severance pay
3. Unemployment compensation
4. Supplemental Pay

22. Which of the following categories is not an example of an exempt classification?

1. Executive
2. Sales
3. Professional
4. Technical

23. The Equal Pay Act for equal work of same skills, effort, and responsibilities. Which of the following is not an exemption of this act?

1. Seniority
2. Performance
3. Geographic location
4. Overtime

24. Which of the following is an example of payment that is consistent from period to period despite the number of hours worked

1. Wage
2. Salary
3. Reward
4. Incentive

ANSWERS:

1. B
2. A
3. C
4. D
5. D
6. C
7. C
8. D
9. B
10. A
11. B
12. A
13. D
14. A
15. B
16. C
17. C
18. B
19. B
20. A
21. B
22. D
23. D
24. B