

## Index

13th and 14th month pay, 22-23  
 401(k) plans, loans from, 238-239.  
*See also* defined contribution  
 pension plans  
 423 plans, 121-122

**A**

AAI (average annualized  
 increase), 61  
 ABO (accumulated benefit  
 obligation), 245  
 absorption costing for sales  
 compensation plans, 166-167  
 accountable plans, 177-179  
 accounting control in sales  
 compensation plans, 175-177  
 accounting cycles, defined, 16  
 accounting standards  
   for defined benefit pension plans,  
   265-266  
 FASB ASC 900s standards, 188  
 GAAP (General Accepted  
 Accounting Principles), 8  
   *for employee benefits, 188-190*  
   *IFRS (International Financial*  
   *Reporting Standards) versus,*  
   119-121  
 HR accounting and, 299-300  
 IFAS (International Financial  
 Accounting Standards), 8  
 for retirement benefits, 265-266

accounting systems. *See also* HR  
 accounting  
   claims incurred but not reported  
   (IBNR), 194-196  
   commission accounting software,  
   183-184  
   compensation and benefits cost  
   flows in, 12-14  
   for defined benefit plans, 239-244  
   for defined contribution plans,  
   236-238  
   incentive compensation in, 74-77  
   payroll systems  
     *13th and 14th month pay, 22-23*  
     *salaried employees in, 22*  
     *transaction tracking in, 16-21*  
   for pension plans, 262-265  
   restricted stock awards in, 98-100  
   sales compensation plans in,  
   166-168, 172-175  
 SARs (stock appreciation rights) in,  
 123-125  
 stock option plans in, 101-112  
   *contingencies in stock*  
   *plans, 111-112*  
   *examples, 106-112*  
   *exercising options, 108, 110*  
   *expiration of options, 109, 111*  
   *fair value versus intrinsic value*  
   *expensing, 101-103*  
   *forfeitures, 107-108*  
 accumulated benefit obligation  
 (ABO), 245

accumulated depreciation, 5

acquisition cost model (HR accounting), 292-294

activity-based costing for sales compensation plans, 168

actual expense method (automobile allowances), 180

actuarial assumptions, changing, 251-252

actuaries, 242-243

adders

- accounting classifications, 14
- defined, 11

additional paid-in capital pool (APIC pool), 114

administrative expenses, FASB ASC 965 standard, 196

age factor, 241

AICPA (American Institute of Certified Public Accountants), 188

allowances

- accounting classifications, 14
- cost-differential allowance, 151-156
- defined, 11
- in expatriate compensation, 138-140
- expense allowances, 177-179
- travel allowances, 179-183

American Institute of Certified Public Accountants (AICPA), 188

amortization

- of human assets, 292-293
- of net loss/gain, 260-261
- of prior service cost, 259
- of stock option expenses, 106

annual benefit pension formula, 240-241

annual cash incentive plans. *See* incentive compensation

annual financial budgets, 33

annual lease value, 182

APIC pool (additional paid-in capital pool), 114

assets

- costs versus expenses, 4-5
- HR outlays as, 14
- pension plan assets, 253-256
- physical versus human assets, 289-291

Audit and Accounting Guide: Audits of Employee Benefit Plans, 188

audits in sales compensation "plans, 175-177

automobile allowances

- reimbursement plans, 179-181

average annualized increase (AAI), 61

average merit increase, 283

average performance rating, 283

## B

balance sheet system, 136-143

- allowances, 138-140
- defined, 134
- example, 140-143

balanced scorecard as incentive compensation metric, 87-94

Balsley, Heather, 85

base, commission, and bonus compensation plans, 168-171

- accounting impact on, 172-175
- advantages of, 170-171
- sales targets, 169
- sales volume as commission trigger, 170-171

base pay. *See* base salary

base salary

- accounting classifications, 14
- basic pay versus, 9
- cost flows affecting, 9-10
- defined, 8-10
- elements of, 57
- forecasting costs of, 58-67

- basic pay, base pay versus, 9. *See also*  
base salary
- Becton, J. Bret, 73
- beginning month payroll (BMP), 60
- benchmarking HR effectiveness  
metrics, 274-277
- benefit obligations  
calculating, 194  
for postretirement health plans, 197  
types of, 196
- benefit payments, FASB ASC 965  
standard, 191
- benefits. *See* employee benefits
- Black-Scholes option pricing, 104
- BMP (beginning month payroll), 60
- bonus plans. *See* cash incentive plans;  
sales bonus plans
- book value of assets, market value  
versus, 7
- booking quota, 173
- Brummet, R.L., 288, 292
- business plans, 33
- C**
- cafeteria system, defined, 135
- calculating  
base salary costs, 60-67  
benefit obligations, 194  
commission factor, 172  
cost-differential allowance,  
152-154  
EVA (Economic Value Added),  
82-86  
expatriate taxes, 148-150  
free cash flow, 81-82  
gross profit, 13  
incentive compensation based on  
balanced scorecard, 92-94  
net pay, 18-19  
PBO (projected benefit obligation),  
247-252  
present value of future earnings,  
296-297  
RI (residual income), 86-87
- CalSTRS (California State Teachers'  
Retirement System), 241
- CAPEX (capital expenditures), 4  
OPEX (operating expenditures)  
versus, 7-8
- capitalization of historical costs  
model. *See* acquisition cost model  
(HR accounting)
- capitalizing human resource assets.  
*See* HR accounting
- cash incentive plans  
in accounting systems, 74-77  
categories of, 72
- cash-settled SARs, 123-125
- cents-per-mile rule, 181-182
- circular effective, 77
- claims incurred but not reported  
(IBNR), FASB ASC 965 standard,  
194-196
- COBRA (Consolidated Omnibus  
Budget Recovery Act), 211
- COLA (cost-of-living allowance),  
cost-differential allowance  
versus, 151
- commission accounting software,  
183-184
- commission expenses, reporting, 167
- commission factor in quota-based  
plans, 172
- commission payments. *See also* sales  
compensation plans  
accounting control and audit issues,  
175-177  
defined, 169  
sales volume as trigger for, 170-171
- commission recovery, 174-175
- commuting rule, 182
- company vehicle usage, 181-183
- compa-ratio, 283

**compensation and benefits**

- competitiveness of, 284
- cost flows in accounting systems, 12-14
- effectiveness metrics, 280-284
- payroll systems
  - 13th and 14th month pay*, 22-23
  - salaried employees in*, 22
  - transaction tracking in*, 16-21
- relationship with HR planning, 43-52
  - executive incentive plans*, 50-51
  - job analysis and classification activities*, 47-48
  - organization design and planning activities*, 48-49
  - program administration activities*, 49
  - program development activities*, 44-47
  - total compensation activities*, 51-52
- terminology, 8-12
- total costs, forecasting, 55-58

**compensation to revenue factor, 281****compensation to total expense factor, 281****competencies, defined, 39, 295****competitiveness of compensation and benefits, 284****competitor salary comparisons, 58****concurrent reviews, 223****Consolidated Omnibus Budget Recovery Act (COBRA), 211****consumer-driven healthcare, 214-222**

FSA (flexible spending accounts), 220-222

HRAs (health reimbursement arrangements), 218-220

HSAs (health savings accounts), 215-218

**contingencies in stock plans, accounting for, 111-112****contracts**

with insurance companies, value of, 204

in sales compensation plans, 176-177

**contribution approach for sales compensation plans, 167****corporate wellness programs, 225-227****cost accounting, sales compensation plans in, 166****cost containment alternatives for healthcare costs, 214-228**

consumer-driven healthcare, 214-222

corporate wellness programs, 225-227

discount drug programs, 227

self-funding of health benefits, 228

spousal coverage, 227

utilization reviews, 222-225

**cost flows**

for base salary, 9-10

for compensation and benefits, in accounting systems, 12-14

**cost of capital as incentive compensation metric, 81****cost of goods sold, 6, 13****cost-based models (HR accounting), 292-296**

acquisition cost model, 292-294

opportunity cost model, 295-296

replacement cost model, 294-295

**cost-differential allowance, 139****cost-of-living allowance (COLA), cost-differential allowance versus, 151****costs**

expenses versus, 4-7

**forecasting**

*base salary*, 58-67

*total compensation costs*, 55-58

healthcare costs  
     *cost containment alternatives,*  
     214-228  
     *forecasting,* 228-230  
     *reasons for increases in,* 209-214  
 salary budgeting, 51-52  
 cross-selling, 169  
 Crystal, Graef, 282  
 currency fluctuations  
     cost-differential allowance and,  
     154-156  
     in expatriate compensation, 143  
 Czismar, Chuck, 9

## D

death benefits, 197  
 deferred tax asset (DTA), 113,  
 119-120  
 defined benefit health and welfare  
 plans, defined contribution plans  
 versus, 190-191  
 defined benefit pension plans, 235  
     accounting standards for, 265-266  
     accounting systems for, 239-244  
 defined contribution health and  
 welfare plans, defined benefit plans  
 versus, 190-191  
 defined contribution pension  
 plans, 235  
     accounting systems for, 236-238  
     loans from, 238-239  
     reporting requirements, 265  
 demand planning, 38-39  
 demand versus supply in HR  
 analytics, 284-285  
 dependent care FSAs, 221  
 depreciation, 5  
 development rate, 280  
 direct labor, defined, 13  
 discount drug programs, 227  
 discounted free cash flow, 80, 278  
 displacement allowance, 138  
 DOL Form 5500, 203  
 draws, 174  
 DTA (deferred tax asset), 113,  
 119-120

## E

EBIT (earnings before interest and  
 taxes), 278  
 EBITDA, 80, 278  
 Economic Value Added (EVA), 80  
     as incentive compensation metric,  
     82-86  
     RI (residual income) versus, 86  
 economic value models. *See*  
 value-based models (HR accounting)  
 education allowance, 139  
 effectiveness metrics  
     benchmarking, 274-277  
     human capital effectiveness metrics,  
     277-279  
     internal HR operational metrics, 280  
     total compensation and benefits  
     effectiveness, 280-284  
 employee benefits. *See also* health and  
 welfare plans; retirement benefits  
     accounting classifications, 14  
     accounting standards for, 188-190  
     categories of, 188-189  
     claims incurred but not reported  
     (IBNR), 194-196  
     defined contribution versus defined  
     benefit plans, 190-191  
     elements of, 57  
     FASB ASC 965 standard, 191-197  
     financial reporting requirements,  
     202-207  
     healthcare costs  
         *cost containment alternatives,*  
         214-228  
         *forecasting,* 228-230  
         *reasons for increases in,*  
         209-214

- IFRS (International Financial Reporting Standards), 201-202
  - self-funding of health benefits, 198-201
  - employee learning costs, 293
  - Employee Retirement Income Security Act (ERISA), self-funding of health benefits and, 198-201
  - employee share purchase plans (ESPPs), 121-122
  - employee turnover, effect on base salary costs, 59
  - employees per HR staff, 275
  - employer contributions, FASB ASC 965 standard, 192-193
  - employer payments in payroll systems, 20
  - equalization payments, 139
  - equity compensation, 11. *See also* share-based compensation
  - ERISA (Employee Retirement Income Security Act), self-funding of health benefits and, 198-201
  - ESPPs (employee share purchase plans), 121-122
  - estimating incentive payouts, 76
  - EVA (Economic Value Added), 80
    - as incentive compensation metric, 82-86
    - RI (residual income) versus, 86
  - evaluation in HR planning, 43
  - exceptions to sales commissions, 175
  - exclusions from income for expatriate taxes, 149-150
  - executive compensation, 282
  - executive incentive plans, relationship with HR planning, 50-51
  - exercising options, accounting for, 108, 110
  - expatriate, defined, 133
  - expatriate compensation
    - balance sheet system, 136-143
      - allowances*, 138-140
      - example*, 140-143
    - cost-differential allowance, 151-156
    - currency fluctuations, 154-156
    - currency fluctuations in, 143
    - defined, 12
    - elements of, 57
    - explained, 132-135
    - payroll systems and, 156-159
    - pension benefits, 159-161
    - stock option plans, 161-164
    - systems for, 134-135
    - tax implications, 143-151
      - calculating taxes*, 148-150
      - tax equalization*, 144-147
      - tax protection*, 144
  - expense accounts, 171
  - expense allowances, 177-179
  - expense factor, 277
  - expense reimbursements. *See* reimbursements
  - expenses
    - costs versus, 4-7
    - pension expense, 256-261
      - amortization of net loss or net gain*, 260-261
      - interest cost*, 258
      - prior service cost*, 259
      - return on plan assets*, 258-259
      - service cost*, 257
  - expensing. *See* accounting systems
  - expiration of options, accounting for, 109, 111
  - external labor market in HR planning, 42
- ## F
- Fair Labor Standards Act (FLSA), 22
  - fair value, defined, 203
  - fair value expensing, intrinsic value expensing versus, 101-103
  - FAS 123 standard, 103

FAS 123(R) standard, 113-114

FASB (Financial Accounting Standards Board), employee benefits standards, 188-190

FASB ASC 900s standards, 188

FASB ASC 965 standard, 189

- administrative expenses, 196
- benefit payments, 191
- calculating benefit obligations, 194
- claims incurred but not reported (IBNR), 194-196
- employer contributions, 192-193
- explained, 191-197
- postemployment benefits, 192
- postretirement health plan obligations, 197
- postretirement retirement benefit obligations, 196
- premium deficits, 192
- premiums due, 191
- premiums paid to insurance companies, 193

FAVR (fixed and variable rate) method, 181

FCF (free cash flow) as incentive compensation metric, 81-82

federal income tax withholding, 19

federal per diem rate, 183

Financial Accounting Standards Board (FASB), employee benefits standards, 188-190

financial performance metrics.  
*See* metrics

financial ratios, 272

financial reporting requirements.  
*See* reporting requirements

Fitz-enz, Jac, 275-276

fixed and variable rate (FAVR) method, 181

fixed pay. *See* base salary

Flamholtz, E.G., 288, 292

Flamholtz model. *See* reward valuation model (HR accounting)

flexible spending accounts (FSAs), 220-222

FLSA (Fair Labor Standards Act), 22

forecasting

- healthcare costs, 228-230
- total compensation costs, 55-58
  - base salary costs*, 58-67
  - importance of*, 55-57

forecasting demand, 39

foreign service premium, 138

foreign tax credit, 148

forfeitures of stock options, 107-108

free cash flow as incentive compensation metric, 81-82

FSAs (flexible spending accounts), 220-222

## G

GAAP (General Accepted Accounting Principles), 8

- for employee benefits, 188-190
- IFRS (International Financial Reporting Standards) versus, 119-121

gain/loss on PBO in pension calculations, 251-252

global payroll systems, 135, 156-159

global stock option plans, 161-164

Gould, Elise, 211

grade creep, 283

graded amortization (stock options), 106

grant date (stock options), 105

gross pay, net pay calculations, 18-19

gross profit, calculating, 13

gross-up calculations, 147

group valuation (HR accounting), 299

**H**

HDHP (high-deductible health plans), 215

headquarters staff, defined, 132

health and welfare plans. *See also* employee benefits

claims incurred but not reported (IBNR), 194-196

defined contribution versus defined benefit plans, 190-191

FASB ASC 965 standard, 191-197

financial reporting requirements, 202-207

IFRS (International Financial Reporting Standards), 201-202

postretirement health plan obligations, 197

self-funding, 198-201

health reimbursement arrangements (HRAs), 218-220

health savings accounts (HSAs), 215-218

healthcare costs

cost containment alternatives, 214-228

*consumer-driven healthcare, 214-222*

*corporate wellness programs, 225-227*

*discount drug programs, 227*

*self-funding of health benefits, 228*

*spousal coverage, 227*

*utilization reviews, 222-225*

forecasting, 228-230

reasons for increases in, 209-214

health-promotion programs, 226-227

high-deductible health plans (HDHP), 215

high-low rate, 183

historical cost model (HR accounting). *See* acquisition cost model (HR accounting)

home-country employees, defined, 132

hourly workers, overtime pay, 18

house accounts, 175

housing allowance, 138

housing exclusion for expatriate taxes, 149-150

HR accounting

accounting standards and, 299-300

background on, 287-288

cost-based models, 292-296

*acquisition cost model, 292-294*

*opportunity cost model, 295-296*

*replacement cost model, 294-295*

physical assets versus human assets, 289-291

value-based models, 296-299

*present value of future earnings model, 296-297*

*reward valuation model, 297-299*

*valuation on a group basis, 299*

HR analytics

background on, 272-273

effectiveness metrics

*benchmarking, 274-277*

*human capital effectiveness metrics, 277-279*

*internal HR operational metrics, 280*

*total compensation and benefits effectiveness, 280-284*

importance of, 273-274

supply versus demand, 284-285

HR outlays

as assets, 14

costs versus expenses, 6-7

HR planning, 34-43

demand planning, 38

evaluation, 43

external labor market, 42



- forecasting demand, 39
  - importance of, 34-36
  - management action, 43
  - model for, 36-38
  - organization design and planning, 38-39
  - relationship with compensation function, 43-52
    - executive incentive plans*, 50-51
    - job analysis and classification activities*, 47-48
    - organization design and planning activities*, 48-49
    - program administration activities*, 49
    - program development activities*, 44-47
    - total compensation activities*, 51-52
  - supply planning, 40-42
  - HR process costs, 280
  - HR process cycle time, 280
  - HR service quality, 280
  - HRAs (health reimbursement arrangements), 218-220
  - HSAs (health savings accounts), 215-218
  - human assets, physical assets versus, 289-291
  - human capital effectiveness metrics, 277-279
- I**
- IAS 19 standard, 189, 201-202
  - IBNR (claims incurred but not reported), 194-196
  - IFAS (International Financial Accounting Standards), 8
  - IFRS (International Financial Reporting Standards)
    - employee benefits standards, 189-190, 201-202
  - GAAP (General Accepted Accounting Principles) versus, 119-121
  - incentive compensation
    - accounting classifications, 14
    - in accounting systems, 74-77
    - cash incentive plans, categories of, 72
    - defined, 10
    - elements of, 57
    - executive incentive plans, relationship with HR planning, 50-51
    - key metrics, 77-81
      - balanced scorecard*, 87-94
      - EVA (Economic Value Added)*, 82-86
      - free cash flow*, 81-82
      - RI (residual income)*, 86-87
    - as motivation, 72-74
    - trends in, 73
  - incentive payout effectiveness, 283
  - incentive payout percentage, 283
  - incentive stock options (ISO), 113
  - income exclusions for expatriate taxes, 149-150
  - income-replacement ratio, 240-241
  - indirect labor, defined, 13
  - insurance companies
    - premiums paid to, 193
    - value of contracts with, 204
  - intangibles, 7
  - interest cost in pension calculations, 249, 258
  - internal HR operational metrics, 280
  - internal placement effectiveness, 275
  - international compensation
    - balance sheet system, 136-143
      - allowances*, 138-140
      - example*, 140-143
    - cost-differential allowance, 151-156

currency fluctuations, 143, 154-156  
 explained, 132-135  
 payroll systems and, 156-159  
 pension benefits, 159-161  
 stock option plans, 161-164  
 systems for, 134-135  
 tax implications, 143-151  
   *calculating taxes, 148-150*  
   *tax equalization, 144-147*  
   *tax protection, 144*

International Financial Accounting Standards (IFAS), 8

International Financial Reporting Standards (IFRS)

employee benefits standards,  
 189-190, 201-202  
 GAAP (General Accepted Accounting Principles) versus,  
 119-121

international tax implications of stock options, 116-121

intrinsic value as incentive compensation metric, 81

intrinsic value expensing, fair value expensing versus, 101-103

IRAs, 234

ISO (incentive stock options), 113

## J

job analysis and classification activities  
 relationship with HR planning,  
 47-48

in total compensation function, 51

jobs, positions versus, 295

## K

Kelley Blue Book, 182

KSAs (knowledge, skills, and abilities), 294

## L

labor market, external, 42

lattice model for option pricing, 104

layoffs, 291

learning costs, 293

lease-value rule, 182-183

Likert, Rensis, 288, 292

Liveris, Andrew N., 226

loans from defined contribution pension plans, 238-239

local staff, defined, 133

localization system, defined, 135

lump sum system, defined, 134

## M

management action in HR planning, 43

managerial accounting, sales compensation plans in, 166-167

market index, 283

market value of assets, book value versus, 7

measurement date (stock options), 105

medical costs. *See* healthcare costs

medical-expense FSAs, 220-221

metrics

balanced scorecard, as incentive compensation metric, 87-94

HR analytics

*background on, 272-273*

*benchmarking effectiveness metrics, 274-277*

*human capital effectiveness metrics, 277-279*

*importance of, 273-274*

*internal HR operational metrics, 280*

*supply versus demand, 284-285*

*total compensation and benefits effectiveness, 280-284*

for incentive compensation, 77-81

*balanced scorecard*, 87-94

*EVA (Economic Value Added)*,  
82-86

*free cash flow*, 81-82

*RI (residual income)*, 86-87

mitigation of risks, healthcare benefits  
as, 213-214

motivation, incentive compensation  
as, 72-74

## N

negotiation system, defined, 135

net loss/gain in pension calculations,  
260-261

net operating income after taxes  
(NOPAT), 278

net pay, calculating, 18-19

new business, 169

new customer/new product bonus  
plans, 173

nonaccountable plans, 177-179

nonqualified stock options, 113

NOPAT (net operating income after  
taxes), 278

number of employees per HR  
staff, 275

## O

offer-acceptance ratios, 280

offshore pension plans, 161

operating cash flow as incentive  
compensation metric, 80

operational financial plans, 33

OPEX (operating expenditures), 4  
CAPEX (capital expenditures)  
versus, 7-8

opportunity cost model (HR  
accounting), 295-296

option pricing, 104

organization design and planning, 38-  
39, 48-49

overseas premium, 138

overtime pay, 18

## P

participation rate (PR), 62

pay. *See* base salary

pay adders

accounting classifications, 14

defined, 11

pay at risk, 72-73

payment of retirement benefits in  
pension calculations, 252

payroll systems

13th and 14th month pay, 22-23

expatriate compensation and,  
156-159

salaried employees in, 22

tax implications for stock options,  
120-121

transaction tracking in, 16-21

PBGC (Pension Benefit Guarantee  
Corporation), 246

PBO (projected benefit obligation),  
245, 247-252

PC&T (population change and  
turnover), 63

pension benefit obligation, 245-252

calculating projected benefit  
obligation (PBO), 247-252

measurement methods, 245

PBGC (Pension Benefit Guarantee  
Corporation), 246

pension plan expense, 256-261

amortization of net loss or net gain,  
260-261

components of, 244

interest cost, 258

prior service cost, 259

return on plan assets, 258-259

service cost, 257

**pension plans.** *See also* retirement benefits

accounting standards for, 265-266

accounting systems, reporting requirements, 262-265

assets, 253-256

defined, 232

defined benefit plans, 235

*accounting systems for, 239-244*

defined contribution plans, 235

*accounting systems for, 236-238*

*loans from, 238-239*

pension benefit obligation, 245-252

*calculating projected benefit obligation (PBO), 247-252*

*measurement methods, 245*

*PBGC (Pension Benefit Guarantee Corporation), 246*

tax implications, 233-234

pension trust, employer responsibility for, 239-240

per diem allowances, 183

performance management process, 51

performance metrics. *See* metrics

perquisites, defined, 11

personal replacement cost, 294

physical assets, human assets versus, 289-291

planning process. *See also* forecasting framework for, 30

HR planning, 34-43

*demand planning, 38*

*evaluation, 43*

*external labor market, 42*

*forecasting demand, 39*

*importance of, 34-36*

*management action, 43*

*model for, 36-38*

*organization design and planning, 38-39*

*relationship with compensation function, 43-52*

*supply planning, 40-42*

importance of, 31-32

strategic planning, 32-33

population change and turnover (PC&T), 63

positional replacement cost, 294

positions, jobs versus, 295

postemployment benefits

FASB ASC 965 standard, 192

IAS 19 standard, 201-202

postretirement health plan

obligations, FASB ASC 965 standard, 197

postretirement retirement benefit obligations, FASB ASC 965

standard, 196

PR (participation rate), 62

precertification reviews, 222-223

premium deficits, FASB ASC 965 standard, 192

premiums due, FASB ASC 965 standard, 191

premiums paid to insurance companies, FASB ASC 965 standard, 193

prescription drug discount programs, 227

present value of accumulated benefits (PVAB), 264

present value of future earnings model (HR accounting), 296-297

presentecism, 225

preventive services, 226

prior service cost in pension calculations, 249-251, 259

problem anticipation in HR planning, 49

product mix, 169

profit per employee, 275, 278

profit planning, 33

program administration activities,  
relationship with HR planning, 49

program development activities,  
relationship with HR planning,  
44-47

projected benefit obligation (PBO),  
245, 247-252

projecting. *See* forecasting

promotion (PRO) expenses, 64

purchase orders in sales compensation  
plans, 176-177

PVAB (present value of accumulated  
benefits), 264

Pyle, W.C., 288, 292

## Q

qualified stock options, 113

quota clubs, 171

quota targets, list of, 169

quota-based plans, 172-173

## R

recruiting, relationship with HR  
planning, 43-44

reduction-in-force decisions, 291

regional system, defined, 135

regular federal per diem rate, 183

reimbursements  
for employee expenses, 177-179  
for travel expenses, 179-183

relocation expenses, 138

replacement cost model (HR  
accounting), 294-295

reporting requirements  
commission expenses, 167  
defined contribution pension  
plans, 265  
employee benefits, 202-207  
health and welfare plans, 202-207  
pension plans, 262-265

reserves, 174

residual income (RI) as incentive  
compensation metric, 86-87

restricted stock awards, 97-100, 162

retaining sales, 169

retirement benefits  
accounting classifications, 14  
accounting standards for, 265-266  
accounting systems  
for defined benefit plans, 239-244  
for defined contribution plans,  
236-238  
reporting requirements, 262-265  
defined, 11  
defined contribution versus defined  
benefit plans, 235  
for expatriates, 159-161  
explained, 232-234  
pension benefit obligation, 245-252  
calculating projected benefit  
obligation (PBO), 247-252  
measurement methods, 245  
PBGC (Pension Benefit  
Guarantee Corporation), 246  
pension expense, 256-261  
amortization of net loss or net  
gain, 260-261  
interest cost, 258  
prior service cost, 259  
return on plan assets, 258-259  
service cost, 257  
pension plan assets, 253-256  
postretirement retirement benefit  
obligations, 196  
retirement factor, 241. *See also*  
income-replacement ratio  
retrospective reviews, 224  
return on human resource  
investments. *See* HR accounting  
return on plan assets in pension  
calculations, 258-259

revenue expenditures, 4. *See also*  
 OPEX (operating expenditures)  
 revenue per employee, 275, 277  
 reward valuation model (HR  
 accounting), 297-299  
 RI (residual income) as incentive  
 compensation metric, 86-87  
 risk benefits, defined, 11  
 risk mitigation, healthcare benefits  
 as, 213-214

## S

salaries employees

13th and 14th month pay, 22-23  
 in payroll systems, 22

salary. *See* base salary

salary budgeting, 51-52

salary programs, planning, 45

salary-compression problems, 45-46

sales bonus plans, 173, 175-177

sales commission payments

defined, 169

sales volume as trigger for, 170-171

sales compensation plans

accounting control and audit issues,  
 175-177

in accounting systems, 166-168

commission accounting software,  
 183-184

expense accounts, 177-179

structure of, 168-171

*accounting impact on, 172-175*

*advantages of base, commission,  
 and bonus plans, 170-171*

*sales targets, 169*

*sales volume as commission  
 trigger, 170-171*

travel allowances, 179-183

sales contests, 171

sales quota clubs, 171

sales targets, list of, 169

sales volume, 169-171

SARs (stock appreciation rights),  
 122-126

Schraeder, Mike, 73

self-funding of health benefits,  
 198-201, 228

selling, general, and administrative  
 (SG&A) expenses, 166

service cost in pension calculations,  
 248-249, 257

service inception date (stock  
 options), 106

settling-in allowance, 139

SFAS 35 standard, 188, 203

SFAS 87 standard, 266

SFAS 109 standard, 113

SFAS 110 standard, 188

SFAS 122(R) standard, 104

SFAS 158 standard, 243, 265-266

SG&A (selling, general, and  
 administrative) expenses, 166

share-based compensation

ESPPs (employee share purchase  
 plans), 121-122

explained, 96

restricted stock awards, 97-100

SARs (stock appreciation rights),  
 122-126

stock option plans, 100-103

*accounting systems, 101-112*

*for expatriates, 161-164*

*international tax implications,  
 116-121*

*tax implications, 112-116*

shipment commission, 173-174

short-term benefits, IAS 19

standard, 201

short-term incentives. *See* incentive  
 compensation

span of control factor, 283

spendable income, 143

split commissions, 174

split-payment arrangements, 154-155

spousal coverage, 227

standard meal allowance, 183  
 standard mileage method (automobile allowances), 180-181  
 state income tax withholding, 19  
 statement of accumulated plan benefits for defined benefit pension plans, 264  
 statement of changes in accumulated plan benefits for defined benefit pension plans, 264  
 statement of changes in net assets available for plan benefits, 205-206  
 statement of net assets available for plan benefits, 203-205  
 stochastic rewards valuation model.  
   *See* reward valuation model (HR accounting)  
 stock appreciation rights (SARs), 122-126  
 stock option plans, 100-103  
   accounting systems, 101-112  
     *contingencies in stock plans, 111-112*  
     *examples, 106-112*  
     *exercising options, 108, 110*  
     *expiration of options, 109, 111*  
     *fair value versus intrinsic value expensing, 101-103*  
     *forfeitures, 107-108*  
   for expatriates, 161-164  
   international tax implications, 116-121  
   SARs (stock appreciation rights), 122-126  
   tax implications, 112-116  
 stock purchase plans, 121-122  
 stocks  
   ESPPs (employee share purchase plans), 121-122  
   restricted stock awards, 97-100  
   SARs (stock appreciation rights), 122-126

stock option plans, 100-103  
   *accounting systems, 101-112*  
   *for expatriates, 161-164*  
   *international tax implications, 116-121*  
   *tax implications, 112-116*  
 stop-loss coverage, 200  
 straight-line amortization (stock options), 106  
 strategic financial plans, 33  
 strategic planning, 32-33  
 supply planning, 40-42  
 supply versus demand in HR analytics, 284-285

## T

talent management  
   demand planning, 38  
   forecasting demand, 39  
   organization design and planning, 38-39  
   supply planning, 40-42  
 talent reviews  
   defined, 40  
   in program administration, 49  
 tax equalization, 144-147  
 tax gross-up calculations, 147  
 tax implications  
   of expatriate compensation, 143-151  
     *calculating taxes, 148-150*  
     *tax equalization, 144-147*  
     *tax protection, 144*  
   of expense allowances, 177-179  
   international tax implications of stock options, 116-121  
   of pension plans, 233-234  
   of stock options, 112-116  
 tax protection, 144, 146-147  
 tax withholdings, 18  
   federal income tax withholding, 19  
   state income tax withholding, 19

TCN (third-country nationals), 133  
 termination benefits, IAS 19  
   standard, 202  
 terminology for compensation and  
 benefits, 8-12  
 theory of constraints in HR  
   planning, 43  
 third-country nationals (TCNs), 133  
 three-prong approach to retirement  
 security, 233  
 top-up offshore pension plans, 161  
 total compensation activities,  
   relationship with HR planning,  
   51-52  
 total compensation and benefits  
   effectiveness metrics, 280-284  
 total compensation costs  
   forecasting, 55-58  
     *base salary costs*, 58-67  
     *importance of*, 55-57  
   list of, 281  
 touch labor, defined, 13  
 training and development,  
   relationship with HR planning,  
   43-44  
 training costs, 280  
 training evaluation, 280  
 training investments, 275  
 tranche (stock options), 106  
 transaction tracking in payroll  
   systems, 16-21  
 travel allowances, 179-183  
 turnover rate, 278

## U

underfunded pension plans, 254-255  
 unfunded defined benefit pension  
   plans, 246  
 uninsured people, costs of, 211

unions, effect on defined benefit  
   pension plans, 241, 255  
 upselling, 169  
 Ustian, Dan, 225  
 utilization reviews, 222-225  
   concurrent reviews, 223  
   precertification reviews, 222-223  
   retrospective reviews, 224

## V

valuation on a group basis (HR  
   accounting), 299  
 value-based models (HR accounting),  
   296-299  
   present value of future earnings  
     model, 296-297  
   reward valuation model, 297-299  
   valuation on a group basis, 299  
 variable costing for sales  
   compensation plans, 166-167  
 VBO (vested benefit obligation), 245  
 vesting in restricted stock awards, 98  
 voluntary turnover, predicting, 279

## W

Wallace, James S., 87  
 wellness programs, 225-227  
 win-back sales, 169