

Advanced Tracker Technologies Inc.
Premiums

Premiums

Premium payments come in many flavors, each one offering specialized parameters for additional payments. Premium setup is done via the Setup->Premiums menu. The following discussion on each individual type of premium is limited to the parameters in the upper half of the screen. After discussing all the premium types, the bottom portion of the premium setup screen will be discussed, as many of the lower options are applicable to many premium types.

Hourly

The hourly type of premium offers two variations, which can be implemented independently, or together if desired. The "Hourly Rate" is a specific dollar amount which is paid out on top of any rate applied to a transaction. The "Rate Increase" is a decimal percentage (1.00 being 100%) of the transactional rate. For example, a base rate of \$14.00 with an hourly rate increase premium of 0.15 (15%) attached would adjust the rate to $(14.00 + (14.00 * 0.15 = 2.10))$ \$16.10.

The user can also choose to "Always apply as a premium record", which when checked will process the premium payment on a separate line in Edit Time and Attendance (see below for detailed discussion). This switch may toggle between enabled and disabled depending on the state of the "Pay overtime on this premium" switch.

Single

The single type of premium implies a flat-out payment. Again we're given further sub-types to select, being a "Fixed Dollar Amount" or "Rate Percentage". If the user selects the fixed dollar amount, the amount of money entered will be paid once per day for all transactions.

The rate percentage sub-type operates exactly like the "Rate Increase" sub-type for Hourly premiums (above), with the exception that if the premium is attached to multiple transactions in a day with varying rates, multiple instances of the premium could occur.

Single payment premiums are always applied as separate "Premium" transactions.

Factor Based

Factor based premiums allow for entry of a divisor and multiplicand, which allows for fine-tuning rates to meet some of the more weighty payment requirements. The formula used for a factor based premium is as follows, where rate is the base rate for the transaction which the premium payment is associated with:

$$\text{Rate} = \text{Rate} + (((\text{Rate} / \text{DIVISOR}) * \text{MULTIPLICAND}) - \text{Rate})$$

For example, the factor based premium type can be used to induce a disciplinary rate reduction. To pay an employee 90% of their base rate, enter "1" for the divisor and "0.90" for the multiplicand. With a base rate of \$10.00, the formula becomes:

$$\begin{aligned} \text{Rate} &= 10.00 + (((10.00 / 1) * 0.90) - 10.00) \\ &= 10.00 + ((10.00 * 0.90) - 10.00) \\ &= 10.00 + (-1) \\ \text{Rate} &= \$9.00 \end{aligned}$$

The user can also choose to "Always apply as a premium record", which when checked will process the premium payment on a separate line in Edit Time and Attendance (see below for detailed discussion).

Time Zone

Time zone premiums allow for payment of extra monies when an employee works within a defined range of time. The first few parameters are filled in as though completing a sentence. First enter an hourly rate for any payment of this premium, then define the start and stop time of day for the zone. Lastly, a requirement to work for a specific amount of time to become eligible must be entered. An example might read:

*"Pay this premium at an hourly rate of **0.75** when an employee works between the times of **3:00 pm** and **11:00 pm** on the days selected below. The employee must work a total of **4:00** inside the zone before getting the premium payment."*

This defines a typical afternoon shift premium, requiring an employee to work a full 4 hours in the zone before getting premium pay. This ensures that a day worker who stays for 2 hours overtime does not pick up the afternoon premium.

Time zone premiums can also be enhanced by the introduction of 'adjusters' into the setup (available starting in versions of Employee Tracker released in 2008). While typical time zone premiums use hard-coded times of day to define the zone of time when premium payment is applicable, adjusters allow for more dynamic zone creation. The entry-fields for the start and stop times which define the time zone can be dropped down to select or administer the adjusters. If adjusters have already been created, they will be available in the list. Administration of adjusters is done by clicking one of the dropdowns and choosing 'Adjusters...'. The definition of an adjuster is very simple. First, a description is required to identify what the adjuster is going to do. Then we need to anchor the adjuster to a piece of information. The current available anchors are:

Shift Start	Start time of the Shift code on the transaction.
Shift Stop	Stop time of the Shift code on the transaction.
Work Start	Rounded Start time for the particular transaction.
Work Stop	Rounded Stop time for the particular transaction.
Raw Work Start	Un-rounded start time of the particular transaction.
Raw Work Stop	Un-rounded stop time of the particular transaction.
Day Start	Rounded start time for the day.
Day Stop	Rounded stop time for the day.
Raw Day Start	Un-rounded start time for the day.
Raw Day Stop	Un- rounded stop time for the day.

Now that we have defined the anchor for the adjuster, we can fine-tune it by using the next drop-down box and the subsequent entry field to add or subtract a certain amount of time. For example, we can now define a time zone premium (with adjusters) which begins at the start time of the shift code which is attached to the particular transaction, and ends 8 hours after the shift start time. For this example we would need two adjusters: one for the time zone start which is set to Shift Start, and a second adjuster for the time zone end which is set to the Shift Start + 8:00. This dynamic time-zone premium can be applied to any shifts and have the logic follow based on the transaction shift code selected.

Time transactions can be setup to holdback any payment of overtime, which can affect how the premium time gets calculated. To have the premium time follow the daily overtime approval state, turn on "Real-time calculation for host records affected by daily overtime approval."

By default, if an employee satisfied the conditions of a time-zone premium, the premium payment is limited to the amount of time within the zone. Sometimes this is undesirable. To have all the times worked paid out for premium time; use the "Pay all time worked if above conditions met" option.

Time records are sometimes affected by time adjustments (for example, an automatic deduction of 30 minutes is typical for a facility which does not pay employees for lunch) and these adjustments are reflected upon any associated premium time. You can tune the premium to ignore any time adjustments using the "Disregard any automatic deductions/additions found in the time calculation rule."

As a further extension to the time zone premium type, it is possible to define a multiple day time zone. For example, a weekend premium payment may be available if an employee works between Friday 11:00 pm and Monday 7:00 am. To set this up, enter the information as outlined and expected, but when it comes to selecting the days which the premium applies (which will be discussed later), select only Fri, Sat and Sun. By virtue of selecting less than 7 days in a row, the "Treat times/days as contiguous time-zone" option becomes enabled. With the zone start set at 11:00 pm and the zone stop set to 7:00 am, and this contiguous option selected, our zone now runs from Friday at 11:00 pm until Monday at 7:00 am.

Lastly, premium payment may incur pay time which falls off the defined rounding minute setup within the time calculation rule. Forcing a specific rounding minute may sometimes be required, but this is only under special circumstance.

Time Lapse

Time lapse premiums are a simpler form of the time zone. Here we define that an employee must work for a certain amount of time within either a day or a week to be eligible for the premium payment. Further, we can choose to pay "All" the time, the "Lapsed" time only, or the user can key in an amount of time which will be paid upon passing the lapse condition. The rate for the payment can either come from the host record, or again, the user may key in an hourly rate for the premium payment. An example might read:

"Apply this premium after an employee has worked for 6:00 hours/minutes in a day. Pay 1:00 hours/minutes at an hourly rate of 0.50."

This is typical of a meal-payment premium, which grants an employee \$0.50 per hour for 1 hour after working at least 6 hours in a day.

On-Call

The on-call premium is a special variety which can be used for employees who are given monies for being on-call and not actually doing work. Further, days paid with the on-call premium can have the payment reduced if the employee does have to work.

The first parameter is the amount of time to pay the employee per day, followed by the hourly rate of the payment. The last option in the first section defined whether to subtract or not subtract any time worked from the payment amount.

The options in the lower half of the premium setup screen allow for further tuning of the premium behavior.

The first option is whether to "Pay overtime on this premium". When choosing to pay the overtime, we can further define whether to pay the overtime at the base rate or extend the rate to an overtime rate. For example, 1 hour at time and half with a base rate of \$10.00, paid with the base rate would be \$10.00. If we choose to pay at the overtime rate, that 1 hour of time and a half would pay \$15 (1 hour * (\$10 * 1.5)).

Time records with overtime may have the overtime deposited into a time bank, thereby removing the overtime from standard calculations. It may be required to still pay the premium on all time worked, even if portions of the overtime have been banked. The "Pay premium piece time even if overtime is banked" switch allows for setting up this type of scenario.

Earning codes can also be setup to have any premium payment be collected to specific codes during a payroll export run. Depending on certain other options (to pay overtime or not, for example), we may have the ability to only enter regular time earning code and general ledger account numbers, or the earning section may continue on to include time and a half and double time.

Every premium type also allows for definition of what days of the week the premium is effective on. A check mark in a certain day allows for the premium to be paid on that day.

The last two options will slow down system calculations, as they impose a requirement to read back through historic data for some conditions.

The user can setup the premium to have a maximum payment, either in dollars or hours, per week.

Also, a premium can be setup to become effective after an employee has been employed for a certain number of days, or has accomplished a defined number of

worked hours. This allows for setups to hold back special premium payments for employees until they have moved past a probationary period, which is typical at most facilities with new hires.

Now that an understanding of premium setup is established, we can deal with how the premiums get applied to transactions.

Standard Premium Application

Once a premium is defined, it must be associated with either a shift or an employee before it can be applied to time and attendance transactions.

Shifts

To apply a premium to a shift, go to the menu Setup->Shifts. Select an existing shift and click the [Edit] button. Click on the "Premiums" tab and observe the two lists: "Available Premium Codes" and "Selected Premium Codes". Premiums become applied to a shift when they appear on the "Selected..." side. Highlight the required premiums and click the [>>] button. Save the shift definition.

With this setup, any employee who works on the shift with premiums attached will be granted the premium. Typically, the user would apply afternoon premiums to the afternoon shift, night premiums to the night shift, and so on.

Employees

To apply a premium to an employee, go to the menu Setup->Employees. Select an employee and click the [Edit] button. Choose the category "Premium" in the upper-left pane of the profile. The user will be presented with a list of "Selected Premiums". To alter the premium selection, click the [Add/Remove] button. This will change the "Selected Premiums" list into a check-boxed list of available premiums. Any premiums which were selected prior to clicking the [Add/Remove] button will be highlighted in blue and pre-checked. These can be un-checked to remove the premium. Any item listed in black and initially un-checked can now be checked on to apply the premium. Once you are happy with the premium assignments, click the [Done] button to commit your changes.

Types of premiums which would be applied at the employee level include disciplinary premiums, or first-aid training premiums.

Advanced Premium Applications

Advanced Premium Applications allow enhanced methods for determining whether an employee is to receive a premium, and for how long. Under the menu Setup-> Advanced Premium Application we can administer the advanced applications of premiums. Take note, once an advanced premium application has been defined, it is active, and some of the more in-depth settings may cause a slowdown in calculation related activities in Employee Tracker.

The first screen allows the user to add, edit or delete an Advanced Premium Application.

Details of an Advanced Premium Application are fairly involved. Like most items in Employee Tracker, a code and a description are required.

The next section has a simplified employee specification bucket interface, which the user can manipulate to determine who is eligible for the advanced application.

Below the specification buckets is the meat of the application. Top-left allows for selection of the applicable premiums. At least one premium must be selected

The primary conditions of application takes two forms: either ranged or floating.

Ranged

Ranged applications are triggered by selecting "From" in the "Under these conditions" label. The start of the range can be selected by clicking the drop down and choosing "Hire Date", "Seniority Date" or "Employee Tracker", or by using the date button to specify an exact range start date.

If any one of the pre-defined options are selected, the range is forced to extend from the selection for a certain period of time. Enter a numeric value and select an associated value extender, either days, weeks, months or years. For example, we can define a disciplinary premium which is applicable from the date of hire for 3 months. This will reduce an employees rate for that period, and "normalize" when the range expires.

If a date is entered, two further refinements are possible, either for a specified period of time previously described, or to another date. For example, we can say that an employee is to receive a bonus premium from June 1, 2005 to June 15, 2005. Another example may read to pay a premium from June 1, 2005 for 2 weeks.

Floating

Floating type applications generate a range based on the transaction shift date. Enter a numeric value and select an associated value extender, either days, weeks, months or years. For example, we could define a premium which pays an employee when working the last 18 months. Take

note that this type of application is incomplete without the next setup section, where we define a required amount of time worked.

Specific Days

Starting with versions of Employee Tracker released in 2008, Advanced Premium Applications can be defined to apply premiums on specific days. The available selections are the 7 days of the week, and also the two specialty days: Statutory Holidays and Scheduled Days Off.

The next section allows for definition of a range of time worked which the employee must achieve to receive the selected premiums. A sample entry here may read “when an employee has between 40:00 and 80:00”. The three boxes immediately below this definition allow for tuning of the types of time to include in this range.

The lower-left of the setup screen grants the opportunity to stack Advanced Premium Applications. Essentially, once an employee has achieved a certain premium application definition, it may be necessary to ignore other ones. This area allows for selecting of any Advanced Premium Application which fall into this category.

The last option, appearing in red and reads “Always active once achieved”. This is an option allowing for the advanced application to be active forever once an employee has fulfilled the setup criteria.