Six Payment Plans for Buying Shoes

Managing a safety footwear program can be a daunting task for a company. Identifying the proper footwear, negotiating costs, and managing the associated expenses can introduce added and often unnecessary complexity.

As one of the nation's premier safety shoe manufacturers, Red Wing Shoe Company has developed a *Hassle Free Safety Footwear* program to simplify the process.

There is no arguing that an OSHA-mandated safety footwear requirement does add extra expense to a company's operations and to its employees. At the same time, a safety footwear program helps to keep employees safe, while reducing an employer's expenses for job-related injuries.

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Red Wing Shoe Company's *Hassle Free Safety Footwear* program gives you flexibility in handling the expense of safety footwear while meeting OSHA requirements and the needs of your employees. We have developed six different payment plans. You can select from options ranging from employers paying the total cost of shoes to shared costs administered through payroll deduction plans.

What follows is a closer look at the six payment plans we offer under Red Wing Shoe Company's *Hassle Free Safety Footwear* program.

Plan One: 100% Employer Sponsored

Example: *Jim, a wind turbine installer, selects a pair of Red Wing safety shoes from a pre-approved list of styles during a visit to a*

Red Wing Shoe retailer. His company is invoiced for the full purchase price of his footwear by Red Wing Shoe Company.

The easiest to maintain, this program allows employees to select the approved safety footwear they need while their employer pays for them. The Employer-Sponsored program is a great benefit to employees because it encourages them to purchase the appropriate footwear for their jobs.

By adopting this strategy, there's no compromising on footwear. Employees buy what they need, not what they can afford. Red Wing sends one monthly invoice to your company for footwear purchases – often with a discount based on volume. Employees incur no costs.

Plan Two: Company Sponsored Fixed Dollar Not To Exceed (NTE) Through Employee Payroll Deduction

Example: *Jim's employer agrees to cover up to $90 of any safety footwear purchase. Jim's safety footwear purchase at a Red Wing retailer totals $130. His company deducts the $40 difference out of his next series of paychecks. Red Wing Shoe Company invoices the company $130.*

The strength of this program lies in companies determining a subsidy level which encourages employees to purchase the appropriate safety shoes for their jobs.

With a NTE limit (commonly referred to as a subsidy) in place, companies are able to accurately forecast and budget for safety footwear. Employees are more likely to buy the shoes they need if the nominal extra cost becomes a payroll deduction rather than an out-of-pocket expense.

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Plan Three: Fixed Dollar Not To Exceed (NTE)

Example: *Kirsten's employer offers a safety footwear subsidy of $100 annually. Kirsten buys a $120 pair of Red Wing steel toe work boots. With her footwear voucher in hand, Kirsten pays $20 for her shoes at the time of purchase. Her company is invoiced $100 by Red Wing Shoe Company.*

This program gives you flexibility and predictability. With a preset NTE, companies are able to accurately forecast and budget for safety footwear. Having employees pay the extra cost at the time of purchase helps avoid the administrative costs associated with payroll deduction programs. Employers assist their employees with shoe purchases while not paying the entire cost.

Key to making the program a success is matching employee income with safety footwear prices before establishing a Fixed Dollar Not to Exceed (NTE) plan. This ensures employees are able to afford the best footwear for their jobs.

Plan Four: Preset Percentage Subsidy With Payroll Deduction

Example: *Maria's employer sets its footwear subsidy at 70 percent. Using her company-issued voucher, she purchases a pair of $150 Red Wing steel toe boots. The company is invoiced $150 by Red Wing Shoe Company. Maria will have the unsubsidized $45 portion deducted from her paycheck(s).*

This program works the same way as other payroll deduction programs except it's based on a percentage rather than a set dollar amount. We encourage employers to consider setting the subsidy percentage at a level that discourages employees from buying cheaper, inappropriate footwear.

Plan Five: Preset Percentage Subsidy With Employer Reimbursement

Example: *Frank's employer sets its footwear subsidy at 80 percent. Using his personal credit card, Frank buys a pair of $150 Red Wing steel toe boots. Later he submits his credit card receipt for his footwear purchase to the accounting department to receive reimbursement. Frank's employer issues him an expense check in the amount of $120 (80% of $150).*

Employees simply submit the cost of their shoes to their footwear administrator for reimbursement. There may be a small administrative cost born by employers to process the checks. However, this plan offers a relatively straight forward solution which companies can deliver while sharing safety footwear costs with employees.

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Plan Six: 100% Employee Paid With Payroll Deduction

Example: *An electronics factory requires employees to wear static disappative (SD) footwear. The company provides no footwear subsidy --employees are responsible for the full cost. To mitigate the footwear requirement expense, the employer does allow for payroll deduction for the full cost of the footwear. An employee presents his authorization form to the Red Wing Mobile Shoe Truck employee and purchases a $100 pair of SD footwear. Red Wing bills the company for the full amount of the purchase. The company deducts the $100 from the employee's paycheck(s).*

This program is appropriate for companies who cannot afford to subsidize employee' s safety footwear, yet wish to more easily monitor OSHA compliance. A payroll deduction over a series of checks makes the footwear purchase easier for employees. It's simple to implement and maintain since payroll deductions are common practice in most companies.

For lower income employees, a company may want to spread the payments out over a few pay periods. Or, they can provide some flexibility to employees by allowing them to determine how they want the cost of the footwear to be deducted and over what period of time.

Conclusion

With six plans to choose from employers can easily find a plan that will fit their company's needs and requirements. For some companies, paying the entire cost of safety footwear will be the right choice. For other situations, employers may need to share costs with their employees. As this paper details, there are payment plan scenarios for a wide range of company needs.

Please visit us at *www.redwingsafety.com* to learn more about Red Wing Shoe's safety footwear and our *Hassle-free Safety Footwear Program*.