



FAROF EMPLOYEE COMPENSATION AND BENEFIT POLICY

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1. Introduction

The Freehearts Africa Reach Out Foundation is committed to providing a total compensation package (25% maximum of annual salaries) that enables the organization to attract and retain highly skilled and talented employees for all positions. FAROF Insurance policies are developed as required by Nigeria law and in accordance to the **PENSION REFORM ACT 2004**. FAROF works a competitive total compensation package for employee which includes an effective salary administration program and a comprehensive benefits plan that serves to:

- Affirm FAROF's commitment to Equal Employment Opportunity
- Maintain consistency with the FAROF employee classification standards and compensation.

If an employee is informed by the Management of FAROF of his/her eligibility for Insurance, such employee will be assigned to an insurance carrier/agent. All matters regarding coverage and claims under such insurances provided by FAROF are between the employee and the insurance carriers/company/agent. FAROF managers or supervisors as well as the Human Resources Office must not be contacted.

FAROF will apply the most cost effective percentage ratio while ensuring value for Money for Donors. FAROF will engage/register with the most cost effective insurance carrier and enroll all eligible employees into the insurance carrier plan, while he/she studies or refers to the Insurance Plan booklet of such insurance carrier. FAROF will also work with her own designed percentage rate ensuring to respect and not undermine the percentage rate of **PENSION REFORM ACT 2004**. We will provide the most cost effective package plan for employee based on FAROF Management approval. We currently work with [Premium packages and super plan](#).

2. Scope:

This policy applies to all FAROF employees, inclusive of Short Term Technical Assistance STTA employee regardless of employment status, unless otherwise noted. The plan is provided as a single coverage plan, this simply means it does not cover other relatives of employee (relatives Exemption) and applied based on Donor's budgetary capacity and requirement.

3. Policy statement

Within the framework of applicable law of Nigeria, and consistent with the judicious expenditure of funds granted by Donors, it is the policy of the Freehearts Africa Reach Out Foundation to employ competent personnel, motivate these employees to perform well, and create inducements

both through basic compensation and fringe benefits to retain competent employees for productive periods of service.

- a. Under the Board's Delegation of Authority and pursuant to this Policy, the CEO shall hire FAROF employees and provide compensation and benefits. The CEO shall establish defined performance metrics and a performance evaluation process for all employees.
- b. FAROF compensates employees according to the nature of the job, required qualifications, training, experience, individual performance, the financial resources of the organization, or any other relevant factors. FAROF offers compensation and benefits that may include, but are not limited to the following:
 - Employee basic salary;
 - Merit pay and merit pay adjustments;
 - Overtime and compensatory time or pay;
 - Other employee benefits, such as health insurance, life insurance, accident insurance, travel insurance.
- c. FAROF pays competitive wages based on the [Market Value of similar jobs](#), while maintaining fiscal control of salary growth.
- d. It is FAROF's policy to maintain a compensation structure consistent with its Equal Employment Opportunity/Affirmative Action program and other FAROF requirements.

4. Regulations

4.1. Salary Ranges

The determination of an appropriate salary range is contingent upon the determination of a position's organization classification. For positions that cannot be classified according to the organization standards, salary ranges will be based on periodic surveys of salaries paid for similar positions in the nonprofit organizations market.

4.1.1. Initial Compensation

The initial appointment of a candidate is to a classification with a corresponding salary range. The salary actually offered to a candidate is based on the candidate's skills and abilities in relation to a number of factors including the position/classification requirements, internal and external considerations, as well as budgetary considerations. Specifically, the following factors shall be considered in determining an appropriate starting salary.

- The salary range or skill level sub-range established for the position
- An assessment of the candidate's knowledge, skills, and abilities against the overall requirements for the position and classification and/or skill level
- An internal assessment of salaries of existing employees in comparable positions
- An analysis of applicable market data, if appropriate

4.2. Appointment Salary

Appointment salaries are commensurate with a candidate's experience and capabilities in relation to the salary range established for the position, as well as internal and external considerations. Following are the approved practices for determining a starting salary. The salary range quartiles and mid points referred to for hiring ranges are calculated using the minimum and maximum rates for the classification's salary range or for the skill level sub-range for classifications with skill levels.

First Quartile

Hiring within the first quartile of a salary range is appropriate when the candidate is qualified for the position, but still requires a training period to become fully familiar with the requirements of the position. Hiring managers are given the discretion to hire in the first quartile.

Second Quartile

Highly skilled candidates who need minimal training are most often hired in the second quartile of the range up to the mid-point. This is most common with career level professional positions. Hiring at this level can only occur after:

- 1) The hiring manager meets with the Human Resources Manager and provides pertinent information (e.g. level of skills, experience, salary history, pay stubs, budget availability) supporting the salary proposal, and
- 2) The appropriate Division Director reviews the information and approves the final offer.

Above Mid-point

In rare operational circumstances, highly qualified individuals with exceptional expertise may need to be hired in excess of the salary range mid-point. Hiring at this level can only occur after:

- 1) The Human Resources Manager reviews the request and provides his/her analysis and recommendations.
- 2) The analysis and recommendations are reviewed by Chief Executive Officer who has final decision authority.

An appointment salary above the midpoint of the range will be considered in only the following circumstances.

- Clear recruitment and retention difficulties as demonstrated by prolonged and/or unproductive recruitments and high rates of turnover.
- The exceptional qualifications of a preferred candidate in relation to the applicant pool and classification and/or skill level requirements.
- Prevention of substantial salary loss by the preferred candidate.

For current employees selected through the recruitment process for a position in their same classification but in a different department, the hiring department has the discretion to offer the employee a salary increase of 1% to 5%, subject to budget availability or award of grants.

4.3.Salary Adjustments

Periodic salary adjustments shall be based on performance, market comparability, the effects of inflation, or the acquisition of new skills or additional duties, as well as the ability of FAROF to pay in the availability of grants.

5. Benefits

FAROF shall offer its employees a comprehensive benefits program, including both mandated and discretionary benefits. The Human Resources Office is responsible for administering and updating the benefits program. Employees are responsible for selecting and using their benefits prudently, and in the most cost-effective manner.

5.1. Eligibility for Mandatory and Discretionary Benefits

Unlike those benefits whose provision is mandated by law, discretionary benefits are those that are provided at the discretion of the organization. Although FAROF covers the following benefits which may also be covered by mandatory benefits, these include: [Health insurances \(medical, dental, and vision\)](#), [life insurance](#), [accidental death and dismemberment benefits](#), [other benefits include Cost of living/housing benefits and salary adjustment](#). Since FAROF work depends on availability of funds, we do not provide retirement benefits, full-time regular employees become eligible for enrollment in discretionary benefits on the first day of the month following one month of continuous employment.

FAROF reserves the right to modify, revoke, suspend, terminate, or change the discretionary benefits or post-retirement benefits, in whole or in part, at any time subject to notification requirements as mandated by federal law.

5.2. Health Insurance

Regular full-time employees as defined by their job description in a position that includes insurance benefits are eligible to enroll in Medical, Dental and Vision coverage along with their qualifying dependents. This coverage will take effect the first day of the month following their date of hire or event.

- The organization provides a semi-monthly contribution towards medical, dental and vision insurance based on the employee's Standard Hours and Donors capacity.
- A minimum of 40 hours worked per week is required to qualify for organization's insurance benefits.

Under certain conditions, employees and/or their eligible dependents may elect to continue certain health insurance coverage upon loss of eligibility. Employees and/or their eligible dependents can arrange for continuation of coverage during the exit interview or by contacting the Human Resources Office.

All matters regarding coverage and claims under health insurances provided by FAROF are between the employee and the insurance carriers/company/agent. FAROF managers or supervisors as well as the Human Resources Office must not be contacted.

5.3. Life Insurance

This is an optional responsibility for FAROF and will be acted upon only when such employee has been approved by the Management Board for life insurance benefit. Upon receipt of due

proof that a currently insured employee has died, FAROF-sponsored life insurance policy will provide a maximum lump sum payment to the employee's beneficiaries. The actual amount of the payment may vary depending upon the age of the employee at the time of death. This benefit is provided at no cost to employees. Limitations and exclusions apply. Employees must consult their Group Insurance Plan booklet for further information.

5.4. Accident Insurance

Freehearts Africa Reach Out Foundation offers voluntary Accident Insurance, benefit paid based on the injury you receive and the treatment you need including emergency-room care and related surgery. The benefit can help offset the out-of-pocket expenses that medical insurance does not pay, including deductibles and co-pays. Benefits are paid for accidents that occur off-the-job. You can also elect to cover your dependents.

Examples of covered injuries and accident related expenses include:

- Hospitalization
- Emergency room treatment
- Fractures and dislocations
- Physical Therapy
- Doctor’s visits

5.5. Accidental Death and Dismemberment Insurance

The FAROF-sponsored life insurance policy will provide lump sum benefits when it receives due proof that a currently insured employee has received an accidental bodily injury which, within 90 days, directly and independently results in any loss shown in the Table of Losses and Benefits in the Group Insurance Plan booklet. Limitations and exclusions apply. Employees must consult the booklet for further information.

5.6. Vehicle insurance

This insurance is not designed for Employee but for organizations property safety, thus 5% of vehicle purchase cost will be secured annually with lead way insurance company, FAROF has the right to change insurance carriers to ensure Donors value for money.

5.7. Insurance Plan and Providers

Insurance Type	Package type	% rate
Health , (Note 1)	Premium package with the Zenith Medicare	9%-10%
life , (Note 2)	Premium Package (Lead way Insurance)	9%-10%
absent , (Note 3)	-	0%
Accident/injury (Note 4)	Premium package (Lead way Insurance)	3%
Travel (Note 5)	premium package(cornerstone	2%

	Insurance)	
Cost of Living/House rent	-	1%-2%

Note 1: FAROF cover employee medicals Zenith Medicare is engaged as the responsible agency with the most accurate plan, called super Plan.

Note 2: Life Insurance (this insurance is optional and may apply only base on the environmental security settings (challenging setting) of the programme. it is calculated:

Life Insurance= Transport +house rent+ basic=total *3(minimum)

Note 3: Full-time, non-exempt employees, who work in an NGO recognized holiday or FAROF corporate holiday called by the Executive Officers of the corporation, shall be entitled to receive monetary payment during approved holidays. We do not have fringe benefit for approve absent days of either annual leave, such as (sick leave/vacation). It is calculated by dividing 26 paid absence days by a standard 260-day work-year. Compensatory time is not permitted in lieu of overtime for non-exempt employees. All other part-time, non-exempt employees who work on FAROF recognized holidays will be paid at their regular rate of pay. Exempt employees do not accrue any compensatory time for working on a state recognized holiday or a holiday called by Executive Officers of the corporation.

Note 4: Injuries on the job, specifically on programme site, may be covered by the workers compensation statute.

Note 5: This covers both local and international travels for employee. Kindly refer to the travel policy manual for more detail.

5.8. Other Benefits

Cost of Living/Housing benefit

FAROF provides housing allowance of (1%-2%) for full time employee and subjected to the approval of the board of management and Donors, although this is also optional. A cost of living/house rent is a periodic increase made to all current salaries in an effort to offset the effects of external economic factors, such as inflation. The percentage of cost of living adjustment is determined annually by FAROF Board of Management, and will generally conform to the percentage authorized by FAROF Management for its employees. If approved, the same percentage increase will be applied

Tax Deferred Annuities

Full time employees are eligible for tax deduction by enrollment with the FIRS under FAROF tax exemption registration entity TIN number: 17816007-000. Employee may also be eligible for a tax deferred annuity program by completing a Compensation Reduction Agreement only if available at that period. This permits the deferment of taxes on a portion of the employee's monthly income. It offers the dual benefits of reducing the amount of current taxable income and

increasing the amount of income in a future period when expected earnings and the employee's tax bracket will be lower. Taxes on the annuity are paid at the time of withdrawal. Staff members are not permitted to counsel or advise in connection with this program.

Professional Development Courses

Full time Employees are eligible for capacity building and Professional Development Courses, these are courses related to the completion of a Professional Development Plan. The Professional Development Plan is designed for employees seeking opportunities for increased capacity to improve the organization capacity. This will also directly improve skills or enhance knowledge for performing duties in an employee's current position. An employee may also take courses to acquire new skills needed to perform newly assigned duties and responsibilities. Enrollment in work-related courses shall be voluntary. Work-related courses must also be taken for academic credit.

5.9. Authorized Insurance companies

A list of currently authorized insurance companies may be obtained from the Human Resources Manager. **Our proposed insurance companies as at 2016 are:**

- Lead way Insurance
- Zenith Medicare
- Nigeria Social Insurance Trust Fund-NSITF
- Cornerstone Insurance

Policy Title:	FAROF Employee Compensation And Benefit Policy
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Amendment Dates:	N/A
Approver:	FAROF BOT
Applies to:	All FAROF employees
Administrator:	FAROF Management
Superseding Effect	This Policy supersedes all previous policies and memoranda concerning the subject matter. Only the Approver may authorize exceptions to this Policy