Across-the-board salary increase	A general pay increase, usually of a certain percent, given to every eligible employee in an organization. The increase may be linked to cost of living or other economic indicators; see Cost of Living Allowance.
Actual base salary	The wages paid for a specific job, not including benefits and incentive pay, such as bonuses.
Cafeteria plan	Benefit plans that allow employees to choose the benefits they want from a predetermined list. Employers provide a certain number of credits or dollars to each worker to ensure core coverage, and additional benefits may be purchased at an individual employee's expense.
Cost of living allowance (COLA)	Periodic, across-the-board increases in base pay, designed to keep employees' salaries in line with the rising cost of living. COLA increases are usually linked to price indexes published by the Bureau of Labor Statistics.
Defined benefit plan	A retirement plan in which a retired employee receives a specific amount based on salary history and years of service, and in which the employer bears the investment risk. Contributions may be made by the employee, the employer, or both.
Defined contribution plan	A retirement plan that specifies the amount of an agency's contribution, but may not have a formula for determining eventual benefits. The agency's contribution is usually a certain percentage of the worker's salary, and a vesting period - specific length of employment - may be required. See Individual retirement account (IRA), Tax-sheltered annuity 401(k), Tax-sheltered annuity 403(b).
Dependent Care Spending Account (DCSA)	One of the two types of FSA's (Flexible Spending Accounts), which holds pre-tax dollars set aside by employees for their dependent care expenses. No amount may be left in the DCSA by the end of the year, or it will be lost.
Exempt vs. nonexempt employees	Employees are classified as "exempt" or "nonexempt" in reference to the FLSA (Fair Labor Standards Act). An exempt employee is paid a salary and is not compensated for overtime hours worked. The three categories under which an employee may be considered exempt are administrative, executive, and professional. These categories generally define an exempt employee as one who customarily and regularly exercises discretion and independent judgment in the performance of his/her duties. As of January 1, 2020, exempt employees in California must be compensated at a minimum annual salary of $54,080 by employers with 26 or more employees and a minimum annual salary of $49,920 by employers with 25 or fewer employees. Higher salaries are required for certain types of jobs. A nonexempt employee is paid for all overtime hours worked. Non-exempt employees generally perform operational functions such as routine clerical duties, maintenance work, and checking and inspecting equipment.
Flexible Spending Account (FSA)	A type of Section 125 account, an FSA holds pre-tax dollars set aside by employees for their health care or dependent care expenses. No amount may be left in the FSA by the end of the year, or it will be lost. There are two types of FSA's: Health Care Spending Account (HCSA) and Dependent Care Spending Account (DCSA).
Full-time equivalent (FTE)	Either one full-time position (as defined by an organization's policy regarding the hours in a full-time workweek), or two or more part-time positions that, when taken together, make up the work schedule of one full-time position.

Health Care Spending Account (HCSA)	One of the two types of FSA's (Flexible Spending Account), which holds pre-tax dollars set aside by employees for their health care expenses. No amount may be left in the HCSA by the end of the year, or it will be lost.
Health Reimbursement Arrangement (HRA)	An arrangement in which the employer contributes a certain amount per employee per year for health care expenses. This money may be rolled from one year to the next, but is not portable if an employee leaves his/her job.
Health Savings Account (HSA)	Employee and/or employer make pre-tax contributions that are used by the employee for future medical, retirement, or long-term care premium expenses. These accounts are used in conjunction with a high-deductible health insurance policy. The funds can roll over from year to year and the account is portable.
High deductible health plan (HDHP)	A health insurance plan with a higher deductible and lower premium than more traditional plans. HDHPs are used in conjunction with Health Savings Accounts (HSAs). Because of the high deductible, the policy holder must pay for the initial medical expenses annually before the insurance plan pays, except for certain preventative services.
Incentive or bonus pay	A periodic or one-time financial reward that compensates employees for outstanding job performance. Bonuses may be given for specific instances of employee achievement or initiative or when a worker meets or exceeds preset performance goals.
Individual retirement account (IRA)	A defined contribution benefit plan which allows employees to make tax-deductible contributions to their own retirement accounts.
Paid time off benefits	Employer-paid time off the job, i.e. vacation, sick days and holidays.
Paid Time Off (PTO) program	In a Paid Time Off program, employees are given a set number of days off each year to be taken at their discretion (as opposed to separate time off for vacation days, sick days and holidays).
Performance-based or merit increases	Salary increases based on employee merit or performance, over a given period of time.
Personal days	Days off taken at the discretion of the employee, also called floating holidays.
Section 125 plan	A plan in which certain employee benefits are paid with pre-tax dollars. Section 125 plans include premium-only plans, Flexible Spending Accounts, and cafeteria plans.
Tax-sheltered annuity 401(k)	A defined contribution retirement plan that allows workers to make pre-tax contributions through salary reduction agreements with their employers. Following a change in tax regulations in 1997, 401(k) plans can now be offered by nonprofit organizations.
Tax-sheltered annuity 403(b)	A defined contribution plan, similar to a 401(k), but specifically designed for use by nonprofit and public organizations.