

What Your Employees Don't Know Will Amaze You!

5 Ways to Ensure your Total Rewards Package is a Meaningful One

Sarah Redgrave

Vice President, Total Rewards

KinderCare Education





The Knowledge Universe® Family of Brands

WE ALL HAVE POTENTIAL

Sally Sample
1234 Main Street
Seattle, WA 98101

Sally, we want to help you have a great year! And, just like you, we understand the power of that extra personal touch. So, now that you've had a chance to sit down and discuss your goals with your field leader, we thought you might like a personal snapshot of what it all means for you.

\$20,725

YOUR TOTAL BONUS TARGET FOR 2015

	Your 2015 Bonus Target	Your 2014 Bonus Payout
Quarterly Bonus	\$14,875*	\$10,393
Accreditation Bonus	\$3,850	\$1,400
Private Pay Bonus	\$2,000**	n/a
Total Bonus:	\$20,725	\$11,793

*Based on your achieving 100% of your Quarterly Bonus Plans
**Assuming you beat your Private Pay Enrollment Plan by 2%

123456

YOU CAN DO IT! HERE'S HOW!

YOUR QUARTERLY BONUS PLAN

Your Quarterly Bonus Plan is based on both your Net Revenue and Direct Operating Income targets. You will start earning a Quarterly Bonus payout as soon as you reach 95% of your quarterly target for both and increases for every dollar Net Revenue and DOI increase.

Quarter	Your 2015 Financial Targets		Your 2015 Quarterly Bonus Potential		
	Net Revenue target	DOI target	Payout at 95% of target	Payout at 100% of target	Payout at 140% of target
Q1	\$2,615,817	\$1,184,623	\$1,050	\$3,499	\$6,998
Q2	\$2,801,948	\$1,356,642	\$1,161	\$3,869	\$7,738
Q3	\$2,926,343	\$1,341,362	\$1,181	\$3,937	\$7,873
Q4	\$2,646,993	\$1,220,115	\$1,071	\$3,570	\$7,141
Total payout:			\$4,462	\$14,875	\$29,750

ACCREDITATION BONUS

We're proud of our goal to improve the quality of our programs through achieving 100% accreditation. If you achieve a new accreditation, maintain a current accreditation, or successfully renew accreditation during 2015, here's what your accreditation bonus will look like:

Accreditation Status	Number of Centers/Sites	Total Potential Bonus Amount
New / Renew	8	\$2,800
Maintain	3	\$1,050
N/A	0	\$0

BACK-TO-SCHOOL BONUS

We're excited to roll out a Back-to-School incentive specifically designed to help you reward your teachers and achieve great Back-to-School results. You'll hear more about this bonus program in the coming months.

PRIVATE PAY BONUS

Our centers need a healthy enrollment mix to support our families and sustain our mission. That's why we want to build private pay growth into the culture of our business while also driving subsidy growth. To encourage growth in private pay enrollment, we're introducing a new incentive plan – the Private Pay Bonus. If you beat your centers' annual private pay enrollment plan, you get a corresponding bonus (paid in March 2016 based on your 2015 results):

- 2% increase equals \$2,000 bonus
- 4% increase equals \$4,000 bonus
- 6% increase equals \$6,000 bonus

THE FINAL WORD

Bonus amounts shown are rounded and based on your current position/center and assume you work full time throughout 2015.

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FOR MORE INFORMATION

Please contact your manager or
John Doe at JDoe@kicorp.com



21.6

% of Net Revenue US Companies Spend on Compensation

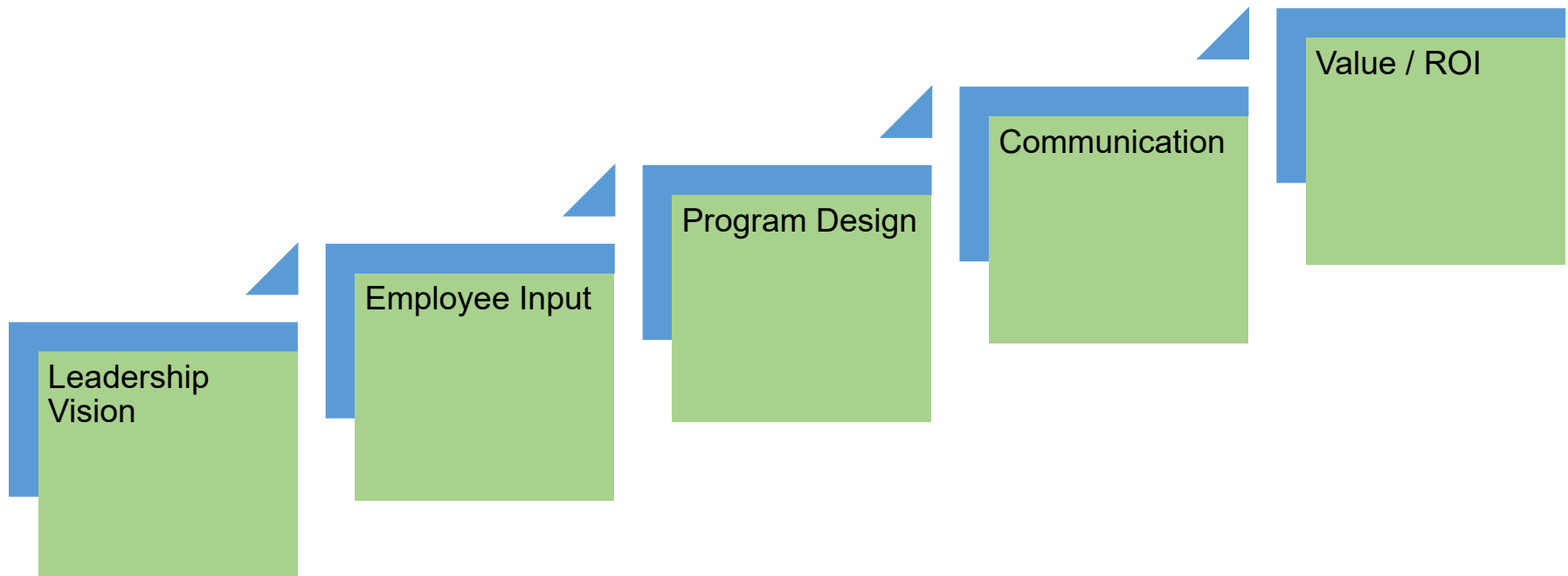
4.4

% of Net Revenue US Companies Spend on Benefits

Source: Aon Hewitt



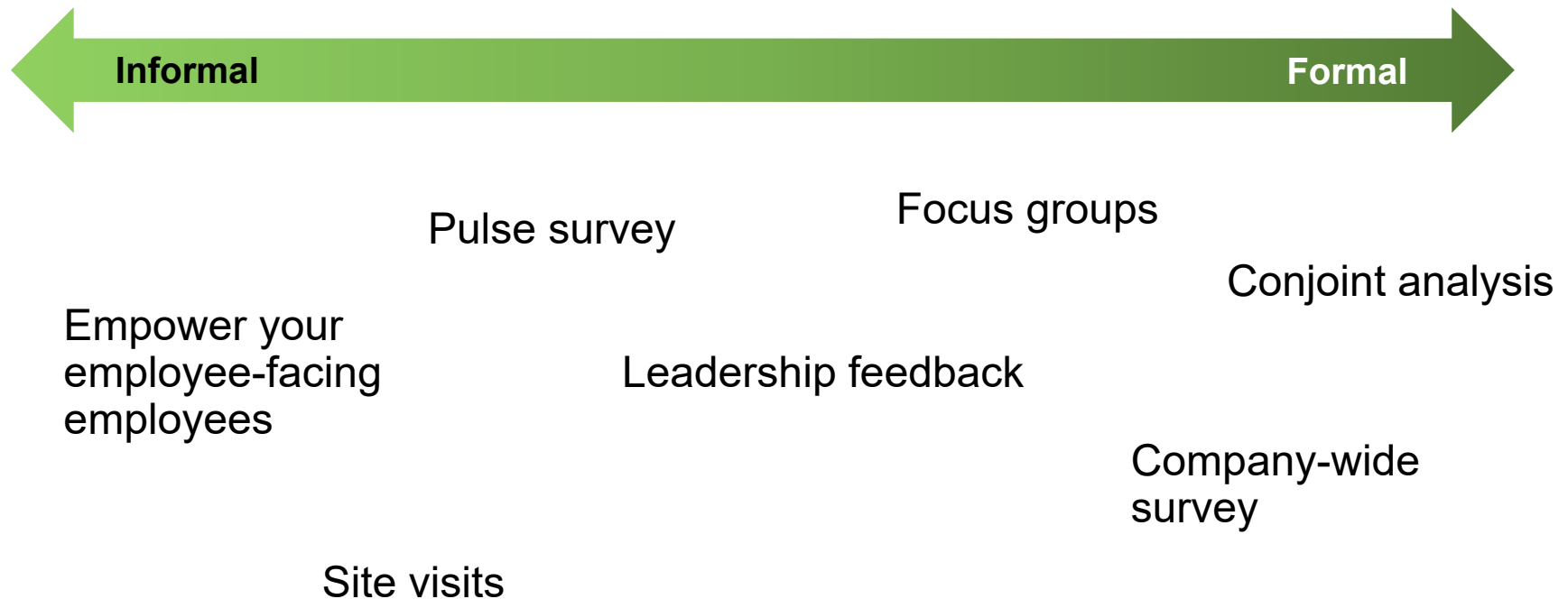
Building Blocks of Total Rewards



5 Mistakes We All Make (or have made ... or will make)

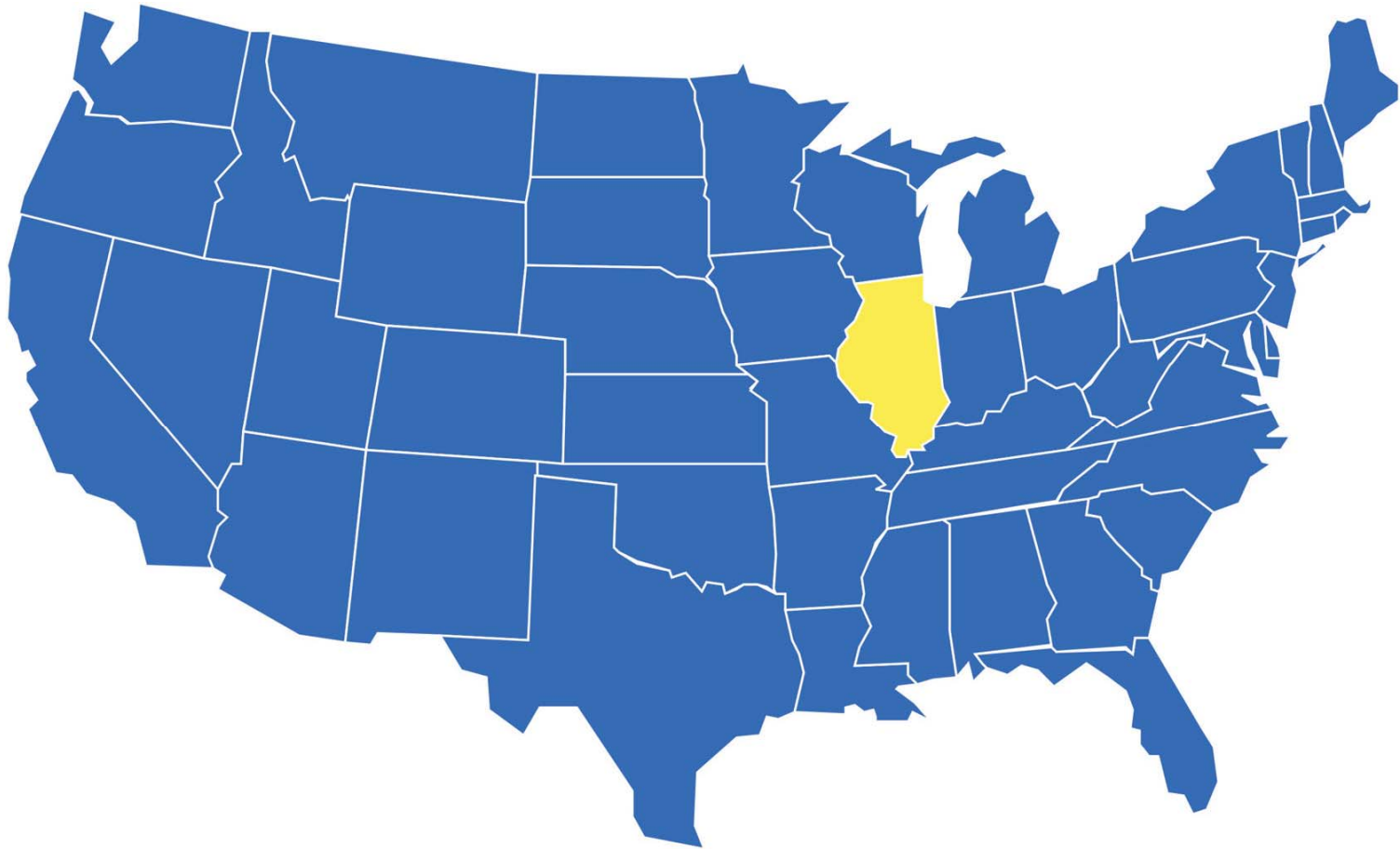
1. We don't listen to employees
2. We haven't found our Total Rewards story
3. We aren't brave
4. We don't communicate the story
5. We forget that Total Rewards is a revenue generator – not an expense

1. We don't Listen, Act, and Respond



A Moment of Self Reflection

“We got some feedback
from one of our employees”

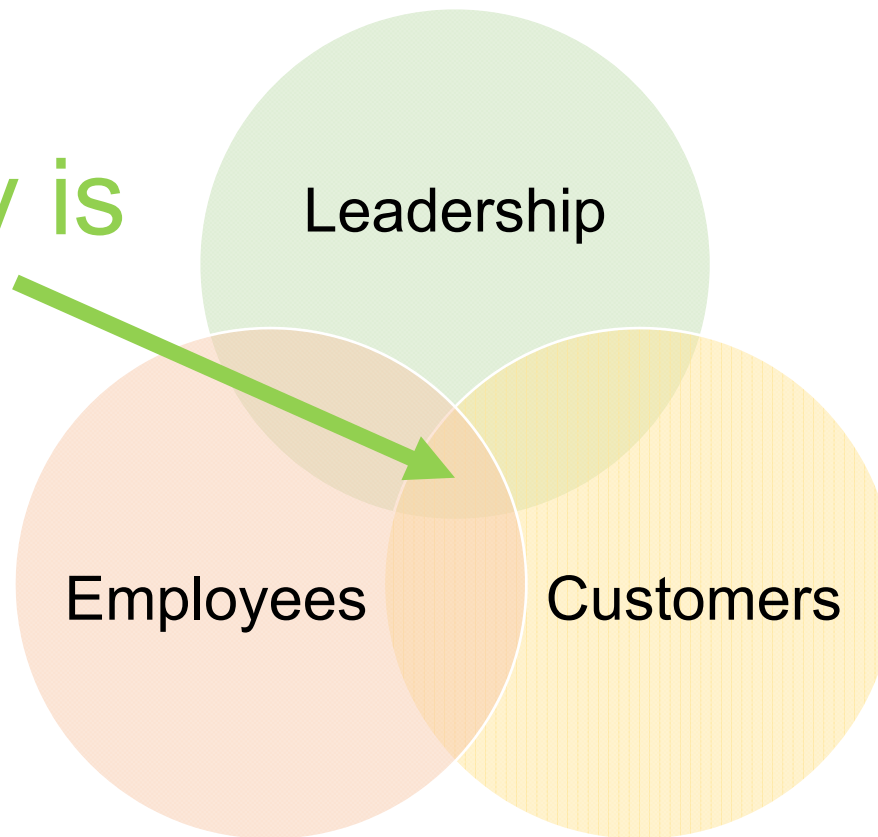


Act Quickly . Be Honest . Follow-Up



2. We Haven't Found our Story

Your Story is
right here!



Healthy, Happy Teachers = Healthy, Happy Children

Guiding Principles:

1. We treat teachers as professionals
2. We provide the very best support
3. We use data to make decisions with impact



3. We Aren't Brave

- Employee perks
- College Savings Benefit
- Long Term Disability
- Critical Illness
- Legal support
- Pet Insurance
- Bereavement leave
- 401(k)
- Cell phone discount
- Professional Development
- Medical
- Paid family leave
- Dental
- Home Insurance
- Life Insurance
- Hospital Indemnity
- Telemedicine
- Short Term Disability
- Hospital Indemnity
- EAP
- Auto Insurance
- Employee Discount
- Education Benefit
- Employee referral bonus
- Service Awards
- AD&D



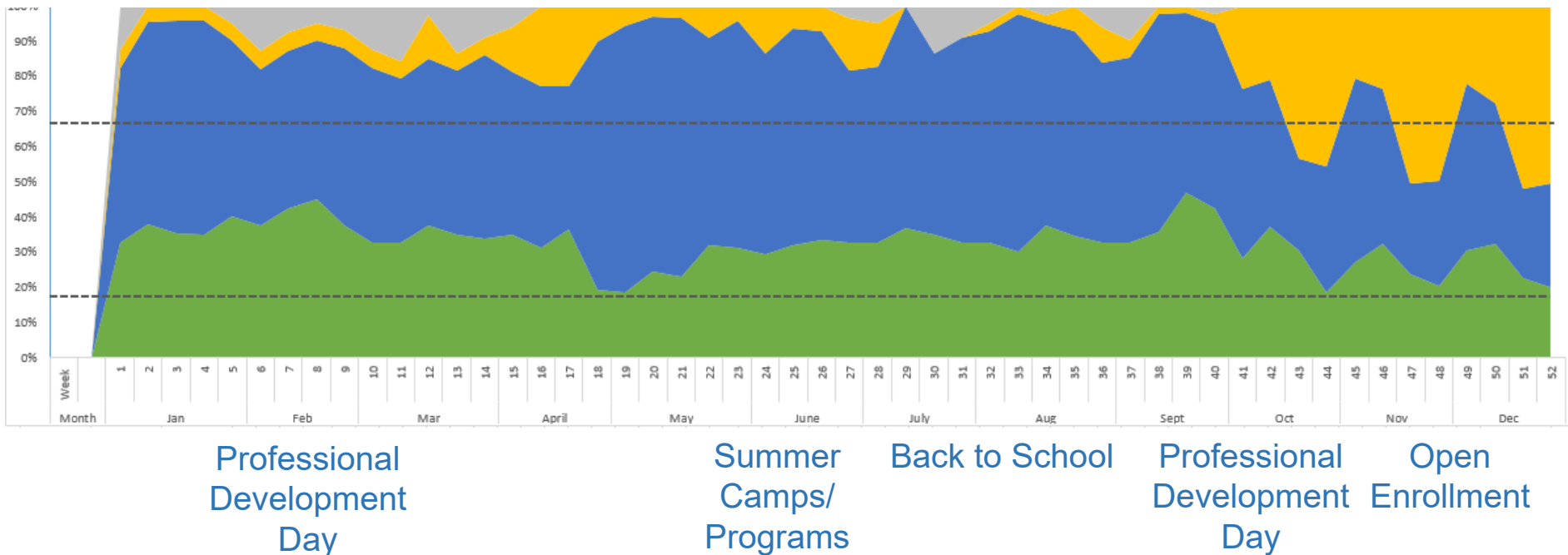
Total Rewards: KCE vs. Competitors

Benefit	KCE		Competitor 1	Competitor 2
Average CD Pay	Green		Yellow	Red
Average Teacher pay	Yellow		Green	Red
Employee discount	Green		Red	Red
Paid Time Off (CD only)	Green		Red	Yellow
Paid Time Off (Teachers)	Yellow		Yellow	Yellow
Paid Holidays	Green		Yellow	Green
Bonus (CD only)	Green		Red	Yellow
Bonus (Teacher)	Yellow		Red	Yellow
401(K)	Red		Yellow	Green
Tuition benefit	Green		Red	Yellow
Healthcare	Yellow		Yellow	Green

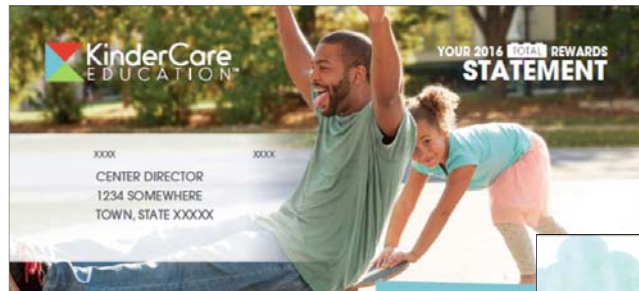


4. We don't communicate the story

Plan Around Your Business Cycle



Personalize the Story



XXXX XXXX
CENTER DIRECTOR
 1234 SOMEWHERE
 TOWN, STATE XXXXX

ABOUT YOUR TOTAL REWARDS

Hey CD,

First, we want to thank you for your 4 years of service. You make a huge impact on children and families. In recognition of that commitment, the company makes investments in your pay, benefits, and other programs that make up a comprehensive pay package that we call Total Rewards.

This statement helps you understand the full value of what you're getting – and what you could be getting that you might not know about!

Questions or want to find out more? Visit KCEbenefits.com – accessible from your phone or tablet, this personalized site has more details about your Total Rewards.

CD'S 2016 TOTAL REWARDS AT A GLANCE

Here's a summary of the potential dollar value of YOUR key rewards for 2016. The values in this statement assume you set position of the same rate of pay for the rest of 2016.

Pay & Savings	Life & Family	Education & Achievement	Wellbeing
\$61,860	\$1,179	\$1,500	\$6,554

Your potential 2016 Total Rewards **\$71,093** + Your other non-cash Total Rewards

PAY & BONUS

Here's a breakdown of your total potential compensation for 2016:

Pay	
Base salary (Jan 1 – Jul 2, 2016)	\$31,071
Projected base salary (Jul 3 – Dec 31, 2016)	\$24,304
Bonuses	
Discretionary bonus	\$541
Acquisition	\$390
Quarterly bonuses	
• Paid Jan 1 – Jul 2, 2016 (2015 Q4 + 2016 Q1)	\$2,944
• Bonus potential Jul 3 – Dec 31, 2016 (2016 Q2 + Q3), based on achieving 100% of your targets	\$2,183
Total potential compensation for 2016	\$61,413

Did you know? You're eligible for the 2016 Back to School bonus! Ask your manager for details.

RETIREMENT SAVINGS PROGRAM

You can put pretax money aside for retirement by joining the KinderCare Education (KCE) 401(k) savings plan. We 401(k) matching contribution for every \$1 you contribute (up to 5% of pay).

Your Retirement Plan Contributions		
	Your Payroll Cont.	KCE Match
Jan 1 – Jul 2, 2016	\$369	\$156
Potential Jul 3 – Dec 31, 2016	\$729	\$292
Total potential retirement plan contributions for 2016		\$1,545

FOR MORE INFORMATION
 To enroll, get information, or manage your 401(k) account, go to KCE401k.com or call Transamerica at 800-755-5801.

EVERY DOLLAR COUNTS

You're smart to contribute to the 401(k) plan – and take advantage of the company match. Another smart move is bumping up your savings every year – even just a percent or two. At month increase time especially, you may hardly notice! What seems small now can really add up over time.

EDUCATION & RECOGNITION

EDUCATION ASSISTANCE

As a KinderCare Education (KCE) employee, you know better than anyone the powerful impact education can have. So don't forget to take advantage of your education benefit! In 2015 KCE paid \$3.3 million toward our employees' education assistance. To foster your professional growth, KCE will pay you up to \$1,500 each calendar year to apply toward your education from any accredited institution.

Be sure to take advantage of your remaining \$1,500 (as of July 2, 2016) before your end! Want some ideas on how to spend your \$1,500? Here are just a few...

- Child Development Associate (CDA)** – If you enroll in the Boissieux CDA program, KCE will automatically apply your education benefit to your course so you don't have to pay out of pocket! (as long as you receive a grade of "C" or better and remain employed through the end of the course). But, you can also use the Education benefit to achieve your CDA at any accredited institution.
- T.E.A.C.H.** – If your state participates, T.E.A.C.H. is a great way to earn your CDA or degree. Find out more at KCEbenefits.com.
- Any accredited college** – Use your reimbursement to continue your education.
- Ask your colleagues how they use their education reimbursement** – You might get inspired!

PROFESSIONAL DEVELOPMENT

We know great Center Directors like you are hard to find! We care deeply about your professional development – and setting you up for long term success. Through our Welcome program, new CDs have an opportunity to visit the National Support Center to learn more about our business – and the greatness we strive for.

- Center Director Academy** – We're committed to investing in your professional development. The academics provide a tremendous opportunity for strengthening your skills to create the best experiences for families and employees.
- Professional Development Day** – Twice a year, teachers and center leaders get together to help support your ongoing training and development as early childhood education providers.

WELLBEING

HEALTH, DENTAL & VISION BENEFITS

KCE offers a variety of benefit plans to choose from.

- Medical** – You elected medical coverage for you and your child(ren). KCE will pay \$6,165 toward your 2016 medical coverage.
- Supplemental Medical** – You can buy insurance to supplement a medical plan and help pay for large or unexpected out-of-pocket expenses. These types of coverage are available – accident, critical illness, and hospital indemnity. In 2016, you did not buy supplemental medical coverage.
- Quantum Healthcare Coordinators** – Help you understand your medical plan and overcome obstacles to get the care you need, paid entirely by KCE. Call 666-274-8026 or visit www.quantumhealthcare.com.
- Doctor on Demand** – Offers affordable consultations with board-certified doctors, certified mental health counselors, and lactation specialists via video using mobile or web – 24/7/365. Free to sign up! Your cost per visit is just \$10.
- Dental** – You elected dental coverage for you and your child(ren). KCE will pay \$389 toward your 2016 dental coverage.
- Vision** – You chose vision coverage for you and your child(ren). If you enrolled in or changed your benefits after July 3, the details above may not reflect your recent selections.

2 FREE CHECKUPS
 Did you know your dental plan offers two free checkups a year? Get your appointment scheduled today!

PROTECTING YOUR INCOME

To supplement the coverage provided by KCE, you can buy additional insurance on a voluntary basis, including:

- Short-term disability** – Replaces a percentage of lost income for an illness or injury that prevents you from working, or during childbirth leave. You are currently not enrolled in the STD plan.
- Long-term disability** – Replaces a percentage of lost income for an illness or injury that prevents you from working for a significant period of time. You are currently not enrolled in the LTD plan.
- Term Life** – Provides additional life insurance coverage for you, your spouse/domestic partner, or your dependent children. You are currently not enrolled in additional term life insurance.
- Accidental death & dismemberment** – Provides additional AD&D insurance coverage for you and your spouse/domestic partner. You are currently not enrolled in additional AD&D insurance.

FLEXIBLE SPENDING ACCOUNT (FSA)

In 2016, you could contribute up to \$2,500 to your FSA. But remember, if you don't use it by the end of the year, you'll lose it! You chose to set aside \$2,280 to your health care FSA this year.

BASIC LIFE AND AD&D INSURANCE

KCE provides basic life insurance that pays a death benefit equal to your annual base salary (rounded to the next highest \$1,000, up to \$100,000). KCE provides an additional, equivalent AD&D benefit if your death is accidental.

The AD&D plan also pays you a cash benefit for certain injuries – such as loss of a limb, sight, hearing, or speech – resulting directly from an accident. In 2016, KCE will provide \$53,000 in AD&D coverage.

If you haven't designated beneficiaries for life or AD&D insurance, do so at KCEbenefits.com.

5. We forget that Total Rewards is a revenue generator – not an expense

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9/22/2016

What Your Employees Do Know Can Inspire You!



Thank you!

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