



## Working Nine to Five: The U.S. and Employer-Sponsored Benefits

### Overview

Long before the New Deal introduced Americans to Social Security in the 1930s and before the Great Society era ushered in Medicare and Medicaid in the 1960s, employers offered pension plans and health care to attract employees. The scarcity of skilled workers during wartime coupled with wage and price controls forced companies to find other ways to remain competitive.

Employers function similarly today by offering a wide variety of benefits to attract talent, such as health care and retirement plans, supplemental benefits like dental and life insurance, and generous leave policies. In this Basic, we delve into some of the benefits available to workers and whether Americans save money by using them.

### Health Care

The debate in Washington would have one believe that most Americans receive health insurance through the Affordable Care Act marketplaces; however, this isn't the case for the vast majority of individuals. In fact, according to the U.S. Census Bureau, 56 percent of Americans in 2017 received health benefits through their employer (181 million people). This turns out to be much less expensive for employees. According to the Department of Labor Bureau of Labor Statistics, on average, employers cover 80 percent of health care premiums for employees enrolled in single coverage and 68 percent for those using family plans.

A 2016 report by the Congressional Budget Office (CBO) found that, despite premiums in the individual market following the same trends as those in the group market, individual market premiums were expected to grow at a faster rate from 2016 to 2018. Specifically, CBO projected premiums would rise an average of 4 percent every year in the employer-sponsored market and 8 percent each year in the individual market. Actions by the Trump Administration have caused uncertainty for the non-group market and contributed to premium increases across the country; however, the employer-sponsored pool is much larger and has not been subjected to as many disturbances.

### Retirement

Like health insurance, employers also offer retirement benefits to attract workers. According to a 2018 National Compensation Survey, 70 percent of employees had access to a retirement plan through work and 54 percent chose to participate in one. Among full-time workers, the numbers are even higher with 81 percent having had access to a plan and 65 percent participating.

Given these rates, it is unsurprising that a survey by U.S. Census Bureau researchers found that 68 percent of households over the age of 65 receive retirement income from a source other than Social Security. In fact, according to the Organization for Economic Cooperation and Development (OECD), the U.S. has one of the highest levels of private pension savings in proportion to the overall economy compared to other countries.

Center Forward Basics  
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### Center Forward Basics

Center Forward brings together members of Congress, not-for-profits, academic experts, trade associations, corporations and unions to find common ground. Our mission: to give centrist allies the information they need to craft common sense solutions, and provide those allies the support they need to turn those ideas into results.

In order to meet our challenges we need to put aside the partisan bickering that has gridlocked Washington and come together to find common sense solutions.

For more information, please visit [www.center-forward.org](http://www.center-forward.org)

### Health Care Glossary

A full glossary of common health care terms can be found [HERE](#).

### Key Statistics

- In 2017, **56 percent** of Americans received health insurance through their employer, about **181 million people**.
- In 2018, **70 percent** of employees had access to a retirement plan through work and 54 percent chose to participate.
- **68 percent** of households over the age of 65 receive retirement income from a source other than Social Security.

## Supplemental Benefits

U.S. companies also offer a variety of supplemental benefits such as vision, dental, critical illness, hospital, and life insurance. Employers typically vary in whether they contribute to plans, but providing a full range of benefits makes companies more competitive in attracting talented staff.

For instance, according to the Kaiser Family Foundation's 2017 Employer Health Benefits Survey, of firms offering health benefits, 67% of small firms and 97% of large firms offered dental benefits to their workers; 47% of small firms and 82% of large firms offered vision benefits; and 23% of small firms and 46% of large firms offered critical illness insurance. Sixty percent of employees also had access to a life insurance plan in 2018, according to the Bureau of Labor Statistics.

## Health Engagement Programs

Companies are increasingly taking a more active role in employees' overall health by instituting wellness programs and health risk assessments, as well. In 2017, 58 percent of small firms and 85 percent of large firms offered at least one of the following wellness programs: smoking cessation, weight management, or behavioral/lifestyle coaching. Notably, 32 percent of large firms also offered an incentive for workers to participate, such as cash, contributions to health savings accounts, and lower premium contributions or cost sharing.

## Leave Policies

Companies also rely on leave policies such as sick time, vacation days, and paid holidays to attract employees. Seventy-four percent of all workers were granted paid sick leave in 2018 and 77 percent were given paid holidays. The numbers are even higher among large corporations (most commonly defined as having 500 or more employees) where 89 percent received paid sick leave and 83 percent had paid holidays.

## Conclusion

Ultimately, it is advantageous for employers to provide benefits to their workers to attract and retain talent. According to a 2016 report by the Society for Human Resource Management (SHRM), it costs an average of \$4,129 and 42 days to hire a new employee. Given the costs associated with turnover, not to mention the time it takes to train someone new, employers would prefer to keep their employees happy and healthy to achieve their companies' goals.

Workers also find this arrangement fruitful since employers often contribute some percentage of a given benefit, such as health insurance where the average employer covers 80 percent of the premium for an individual insurance policy. According to the SHRM, nearly 30 percent of workers cite their benefits package as their reason for leaving a job. It is clear the United States' unique system of employer-sponsored benefits has proven to be important to both employers and employees.

- **60 percent** of employees had access to a life insurance plan in 2018.
- **67 percent** of small firms and **97 percent** of large firms offering health benefits also offered a supplemental dental benefit in 2017.
- In 2017, **85 percent** of large firms and **58 percent** of small firms offered a wellness program to their employees.

## Additional Resources

[American Benefits Council](#)

[Congressional Budget Office - Private Health Insurance Premiums and Federal Policy](#)

[Kaiser Family Foundation - 2017 Employee Health Benefits Survey](#)

[National Compensation Survey - Employee Benefits in the United States 2018](#)

[National Compensation Survey - Retirement Benefits 2018](#)

[OECD - Financial Incentives and Retirement Savings](#)

[Society for Human Resource Management - 2016 Report](#)

[Society for Human Resource Management - Employee Job Satisfaction](#)

[U.S. Census Bureau - "Do Older Americans Have More Income Than We Think?"](#)

[U.S. Census Bureau - Health Insurance Coverage 2017](#)