With wages remaining relatively stagnant, health care, retirement and other employee benefits are an increasingly important component of the employment relationship. They provide security for workers while acting as a recruitment, retention and engagement tool for employers. Benefits comprise a significant percentage of total employee compensation—as much as 60% in some organizations, according to the sixth International Foundation Employee Benefits Survey.

The 2018 survey reveals extensive benchmarking data from 677 organizations representing nearly 20 industries and ranging in size from fewer than 50 to more than 10,000 employees. Employers reported on a wide range of benefit offerings including retirement, health care, life insurance, survivor benefits, voluntary benefits, paid holidays, vacation, paid-time-off banks, disability benefits, paid and unpaid leaves of absence, work/life benefits, executive perquisites and more.

Pension and Retirement

More than one-half of respondents (51.4%) offer a defined benefit (DB) pension plan. In addition, 68.8% offer a defined contribution (DC) plan. Corporations are more likely than multiemployer and public employee plans to offer DC plans but much less likely to offer DB plans. Corporate and public employee DB plans commonly use a final average earnings formula to calculate benefits (58.1% and 83.6%, respectively), while multiemployer DB plans more commonly use dollar amount formulas (46.5%).

Two in five DB plans (40.3%) offer a lump-sum final distribution option, and one in five (19.5%) is integrated with Social Security. The most common type of DC plan offered by corporations (85.1%) and multiemployer plans (52.1%) is a 401(k) plan, while 457 plans are most common among public employee plans (77.3%). The most popular fixed match for DC plans is 50 cents per dollar for the first 6% of salary deferred by the participant.

Automatic features are becoming increasingly common in DC plans, including automatic enrollment, which is most popular in multiemployer plans, and autoescalation, most commonly found in the corporate sector. Responding DC plans also offer other investment features, including target-retirement-date/lifecycle funds (72.8%), managed accounts (43.8%), and automatic portfolio rebalancing (36.9%). These features are all most common amongst our corporate respondents.

With respect to distribution options, most DC plans (92.3%) offer a lump-sum option. More than two in three (67.6%) provide installment payments, while 42.8% make an annuity available. More than four in five respondents (84.9%) offer at least one financial/retirement planning benefit. The most common types include education initiatives to enhance employee understanding (60%), retirement calculators (55.4%) and communication initiatives geared toward increased participation (54.4%).

Health Care

Nearly all responding organizations (97.2%) offer health care benefits. The most commonly offered plan is a preferred provider organization (PPO), at 77.3%. Three in five (61.7%) public employee plans offer health maintenance organizations (HMOs), and 59.0% of corporations offer high-deductible health plans (HDHPs) with health savings accounts (HSAs). Nearly all responding organizations cover dependents in their plans, and most include coverage for biological (98.3%) and adopted (98.1%) children and opposite-sex spouses (95.5%).
When asked how their plans are funded, 63.7% reported their plans are completely or partially self-funded. Multiemployer and public employee plans generally offer more generous coverage with respect to premiums and deductibles. Compared with multiemployer plans, corporations and public employee plans are much more likely to offer health care flexible spending accounts (FSAs) (81.0% and 76.2%, respectively). Like previous years, organizations are employing a number of health care cost-management techniques. The most common initiatives include case management (69.9%), prior authorization and utilization management (64.7%), claims utilization analysis (61.3%) and nurse advice lines (58.3%). This year’s results have shown an increased emphasis on telemedicine (51.6%).

Among the responding organizations that offer dental benefits (93.3%), the most commonly provided plan is a dental PPO (79.2%). As with health and dental coverage, nearly all (97.7%) responding corporations also offer prescription drug benefits. The most common cost-management techniques used for prescription drugs include a mail-order drug program (85.3%), the use of a drug formulary (70.9%), a pharmacy benefit manager (PBM) (65.2%), step therapy/therapeutic substitution (50.0%), and three (50.0%), four (35.3%), or five or more (6.7%) tiers for cost sharing.

Organizations commonly offer a variety of additional health benefits, including mental health benefits (82.1%), chiropractic coverage (79.1%), vision benefits (75.1%) and orthodontia coverage (64.0%). In the past two years, there has been an increased prevalence of transgender-inclusive benefits (27.3%), including mental health counseling pre- or postsurgery, physician visits and lab tests.

Insurance and Disability

More than four in five organizations (86.7%) offer paid life insurance; a benefit of one or two times earnings or a flat dollar amount between $20,000 and $60,000 is common. About three in four (72.9%) provide survivor benefits to dependents upon an employee’s death. Payout of accrued vacation, sick time or other paid time off (52.0%) and access to an employee assistance program (EAP) (46.1%) are the most commonly provided survivor benefit. In addition, a majority of respondents (85.0%) offer at least one type of voluntary (employee-pay-all) benefit. Among these, life insurance (59.4%), accident insurance (43.1%), vision insurance (40.9%), and critical illness or cancer insurance (39.9%) are the most common.

Nearly four in five organizations (78.2%) offer short-term disability (STD) benefits, and 67.1% offer long-term disability (LTD) benefits. More than four in five (83.5%) fully insure their LTD benefits, while only 16.5% of organizations completely or partially self-fund LTD benefits. About three in five (58.1%) organizations use a fixed percentage of earnings formula for STD benefits, while 82.2% use fixed percentage of earnings formulas for LTD benefits. Organizations commonly replace around 60% of earnings with both STD and LTD benefits. STD benefits most commonly extend for 26 weeks, while LTD benefits most commonly extend to the age of 65 or retirement.

Time Off and Work/Life Balance

Among corporate and public employee respondents, the most common amounts of vacation granted based on years of service are ten days after one year, 15 days after five years, and 20 days after ten years of service or more. More than two-thirds (68.8%) allow the carryover of earned vacation or paid time off to subsequent years, while about nine in ten (88.5%) offer paid sick time. More than one in three organizations (34.9%) use paid-time-off (PTO) banks. On average, organizations offer nine paid holi-
days per year—most commonly New Year’s Day, Thanksgiving, Independence Day, Christmas Day, Memorial Day and Labor Day. In addition, 47.1% of responding organizations offer floating holidays.

Most corporations and public employee plans provide paid bereavement leave (90.8%) and paid jury duty leave (89.8%). Work/life benefits are also common—Dependent care FSAs are most popular, at 73.8%. Telecommuting is offered by 52.6% of respondents, while flexible work hours and/or compressed workweeks are offered by 50.6% of respondents.

Miscellaneous Offerings

Corporations and public employee plans continue to offer a wide variety of benefits from miscellaneous categories, including travel, service, at-work perks, insurance, entertainment, and wellness and fertility benefits. Some of the most common benefits offerings are:

- EAPs
- Flu shots
- Coffee service
- Health risk assessments/screenings
- Business casual dress code
- Service award programs
- Smoking-cessation programs
- Disease management programs
- Health coaching
- On-site fitness centers and/or subsidized fitness
- Casual dress code on Fridays only
- Weight management programs
- Employee/family events.

In addition, nearly half of corporations (45.7%) provide special perks to executives; most popular are supplemental executive retirement or nonqualified deferred compensation plans, subsidized cell phones and/or mobile devices, company car allowances, equity compensation and physical examinations.

The survey received 677 responses from single employer (including corporations), multiemployer and public employee plans in the databases of the International Foundation and the International Society of Certified Employee Benefit Specialists.

For more information on this report and other surveys, visit www.ifebp.org/research.