

# Employee Benefits in Medium and Large Firms, 1985



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# Preface

This bulletin presents results of a 1985 Bureau of Labor Statistics survey of the incidence and provisions of employee benefit plans in medium and large firms. The survey—the seventh in an annual series—provides representative data for 20.5 million full-time employees in a cross-section of the Nation's private industries. It was initially designed to provide the Office of Personnel Management with information on private sector practices for use in comparisons with benefits of Federal workers. The survey's scope, therefore, is the same as that of an annual Bureau survey of occupational salaries in the private sector—the National Survey of Professional, Administrative, Technical, and Clerical Pay, which provides comparative data for evaluating Federal pay rates for white-collar occupations. Appendix A provides a detailed description of the scope and sta-

tistical procedures used in the benefits survey.

The analysis in this bulletin was prepared in the Office of Wages and Industrial Relations by the staff of the Division of Occupational Pay and Employee Benefit Levels. Computer programming and systems design were provided by the Division of Directly Collected Periodic Surveys. The Division of Wage Statistical Methods was responsible for the sample design, non-response adjustments, sample error computations, and other statistical procedures. Fieldwork for the survey was directed by the Bureau's Assistant Regional Commissioners for Operations.

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# Chapter 1. Introduction

The employee benefits survey collects data on employee work schedules and develops information on the incidence and detailed characteristics of 14 private sector employee benefits paid for at least in part by the employer. These include lunch and rest periods, holidays and vacations; personal, funeral, jury duty, military, and sick leave; sickness and accident, long-term disability, health, and life insurance; and private retirement/capital accumulation plans. In addition, data are collected on the incidence of 17 other employee benefits, including severance pay, financial counseling, pre-paid legal services, nonproduction bonuses, employee discounts, educational assistance, relocation allowances, and child care. The major findings of the 1985 survey are reported in this bulletin.

The survey covers full-time employees in medium and large establishments (generally those with at least 100 or 250 employees, depending upon the industry). Because data collection is limited to provisions of formal plans, the extent of such benefits as rest periods and personal leave may be understated. Furthermore, the data show the coverage of benefit plans but not the actual use of these benefits; for example, that part of available paid sick leave actually used.

Data are presented separately for three occupational groups—professional-administrative, technical-clerical, and production workers. This bulletin often discusses the first two groups jointly as white-collar workers, in contrast with production or blue-collar workers.

Respondents provide information on the number of workers covered by specified benefit plans. Workers are counted as covered by wholly employer-financed plans that required a minimum amount of service prior to receiving benefits, even if they had not met the minimum service requirement at the time of the survey. Where plans—such as health or life insurance—require an employee to pay part of the cost (contributory plans), workers are counted only if they elect the plan and pay their share of the cost. Data on insured benefit plans and private retirement and capital accumulation plans are thus limited to “participants.” Plans for which only administrative costs are paid by the employer are not included in the survey.<sup>1</sup>

<sup>1</sup>An exception, however, is made in tables 27 and 48, which tabulate postretirement health and life insurance coverage. Plans under which retirees pay the full cost are included since the guarantee of insurability at group rates is, in itself, considered a benefit.

## Highlights

The great majority of full-time workers within the scope of the survey were provided with health and life insurance and private retirement plans, as well as paid holidays and vacations (table 1). Provisions of many employee benefits differed markedly between white- and blue-collar workers.

On the average, employees received about 10 paid holidays each year. The number of days of paid vacation, increasing with years of service, averaged nearly 16 days at 10 years and 21 days at 20 years. For three other paid leave benefits available to a majority of the employees, funeral leave averaged about 3 days per occurrence and military leave averaged nearly 12 days a year; time off for paid jury duty was usually provided as needed.

Ninety-three percent of all employees had some protection against temporary loss of income due to illness or accident through either sick leave or sickness and accident insurance, or both. Sick leave generally continued the worker's full salary beginning on the first day of an illness or accident, while insured benefits replaced less than full pay and began after an initial waiting period. Most employees also had some protection against extended loss of income due to disability; 48 percent had long-term disability insurance, and 41 percent were covered under private defined benefit pension plans that provided immediate disability benefits.

Virtually all of the participants in health insurance plans were covered for most categories of expenses related to hospital and medical care. Life insurance was provided for nearly all employees, most commonly for an amount equal to annual earnings, rounded to the next \$1,000.

Eighty percent of the employees in the survey were covered by defined benefit pension plans, which have formulas for determining an employee's annuity. Benefits were most frequently based on earnings during the last 5 years of employment. Common eligibility requirements for normal retirement were: Age 65 with no specified length-of-service requirement, age 62 with 10 years of service, and 30 years of service with no age requirement. Virtually all covered employees could retire early with a reduced pension, provided they fulfilled minimum age and service requirements (most commonly, age 55 with 10 years of service).

Fifty-three percent of the employees participated in one or more of the following defined contribution plans:

savings and thrift, employee stock ownership, profit sharing, money purchase pension, or stock bonus plans. Twenty-six percent of the employees were in salary reduction or 401(k) plans. These plans allow participants to reduce their taxable income by channeling part of their salary to retirement funds, deferring income tax until withdrawal.

Free or subsidized parking, and full or partial defray-

ment of educational expenses were available to at least three-fourths of the employees. Supplemental unemployment benefits, subsidized commuting, prepaid legal services, child care, and company sponsored reimbursement accounts for payment of such items as medical expenses not covered by health insurance were available to less than one-tenth of the employees.

**Table 1. Summary: Percent of full-time employees by participation<sup>1</sup> in employee benefit programs, medium and large firms,<sup>2</sup> 1985**

Employee benefit program	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
<b>Paid:</b>				
Holidays .....	98	99	100	96
Vacations .....	99	99	100	99
Personal leave .....	26	33	37	18
Lunch period .....	10	3	3	17
Rest time .....	72	58	70	81
Funeral leave .....	88	87	89	87
Jury duty leave .....	92	94	96	89
Military leave .....	70	77	75	63
Sick leave .....	67	93	92	41
<b>Sickness and accident insurance .....</b>				
Wholly employer financed .....	52	30	38	70
Wholly employer financed .....	43	23	31	61
Partly employer financed .....	8	7	7	9
<b>Long-term disability insurance .....</b>				
Wholly employer financed .....	48	64	61	32
Wholly employer financed .....	38	49	48	27
Partly employer financed .....	10	15	13	5
<b>Health insurance<sup>3</sup> .....</b>				
Employee coverage:	96	97	96	96
Wholly employer financed .....	61	56	51	69
Partly employer financed .....	35	42	44	27
Family coverage:				
Wholly employer financed .....	42	36	33	50
Partly employer financed .....	53	60	62	45
<b>Life insurance .....</b>				
Wholly employer financed <sup>4</sup> .....	96	97	96	96
Wholly employer financed <sup>4</sup> .....	86	85	85	87
Partly employer financed .....	11	12	11	10
<b>Retirement<sup>5</sup> .....</b>				
Defined benefit pension .....	91	93	93	89
Defined benefit pension .....	80	81	82	78
Wholly employer financed <sup>4</sup> .....	72	72	76	70
Partly employer financed .....	8	9	6	8
Defined contribution plan .....	41	49	49	32
Defined contribution plan .....	28	32	32	24
Wholly employer financed <sup>6</sup> .....	13	17	17	8
Partly employer financed .....				
<b>Capital accumulation<sup>7</sup> .....</b>				
Wholly employer financed <sup>6</sup> .....	20	29	26	13
Wholly employer financed <sup>6</sup> .....	3	4	4	3
Partly employer financed .....	17	26	21	11

<sup>1</sup> Participants are workers covered by a paid time off, insurance, retirement, or capital accumulation plan. Employees subject to a minimum service requirement before they are eligible for a benefit are counted as participants even if they have not met the requirement at the time of the survey. If employees are required to pay part of the cost of a benefit, only those who elect the coverage and pay their share are counted as participants. Benefits for which the employee must pay the full premium are outside the scope of the survey. Only current employees are counted as participants; retirees are excluded.

<sup>2</sup> See appendix A for scope of study and definitions of occupational groups.

<sup>3</sup> Includes 0.7 percent of employees in plans that did not offer family coverage.

<sup>4</sup> Includes participants in noncontributory basic plans who may contribute to the cost of supplemental plans in these benefit areas. Supplemental plans are not tabulated in this bulletin.

<sup>5</sup> The total is less than the sum of the individual items because

many employees participate in both defined benefit and defined contribution plans. Defined contribution plans include money purchase pension, profit sharing, savings and thrift, stock bonus, and employee stock ownership plans in which employer contributions must remain in the participant's account until retirement age, death, disability, separation from service, age 59 1/2, or hardship.

<sup>6</sup> Employees participating in two or more plans are counted as participants in wholly employer financed plans only if all plans are noncontributory.

<sup>7</sup> Includes plans in which employer contributions may be withdrawn from participant's account prior to retirement age, death, disability, separation from service, age 59 1/2, or hardship. Excludes pure cash profit sharing, stock option, and stock purchase plans.

NOTE: Because of rounding, sums of individual items may not equal totals.



## Chapter 2. Work Schedules and Paid Time Off

Time off with pay is available to employees in several different forms and amounts—from daily rest periods to annual vacations of several weeks. In 1985, survey coverage of paid leave benefits was expanded to include provisions for funeral leave, jury duty leave, and military leave.

### Work schedules (table 2)

Weekly work schedules of 40 hours applied to 83 percent of the employees covered by the survey.<sup>2</sup> Eighteen percent of the professional-administrative employees, 24 percent of the technical-clerical employees, and 8 percent of the production workers had shorter workweeks. Three percent of the work force was scheduled to work other than a 5-day week.

### Paid lunch and rest periods (tables 3 and 4)

Ten percent of the employees received formal paid lunch periods, and 72 percent were provided formal rest time, such as coffee breaks and clean-up time. Both benefits were more common among production employees than among the two other occupational groups.

Production employees who were covered by paid lunch plans usually received 20 or 30 minutes a day, averaging 25 minutes. The 3 percent of white-collar workers eligible averaged 39 minutes of paid lunch time each day. Paid rest time, averaging 26 minutes a day for white-collar employees and 25 minutes per day for production employees, was provided most commonly as two daily breaks of 10 or 15 minutes each.

### Paid holidays (tables 5-7)

Virtually all full-time employees in each occupational group were provided paid holidays, averaging 10.1 days per year. Extended holiday plans, such as the Christmas-New Year's Day period provided in the auto industry, floating holidays, and "personal holidays," such as employee birthdays, were included in the holiday plans reported.

When a holiday fell on a scheduled day off, such as a Saturday or Sunday, another day off was regularly granted to 85 percent of the employees. Most of the remaining workers received either another day off or

an additional day's pay, depending on when the holiday fell.

### Paid vacations (tables 5, 8, and 9)

Virtually all employees in each occupational group were provided paid vacations. At 15 years of service, full-time employees commonly received 20 days of paid vacation annually. Vacation provisions averaged 8.7 days at 1 year, 15.9 days at 10 years, and 22.3 days at 25 years of service; these averages were virtually unchanged since 1980—the first year such estimates were developed. Plans covering professional-administrative employees generally provided more vacation days than those for other employees. Sixty-one percent of the professional-administrative employees, for example, became eligible for at least 15 days of vacation at 5 years of service; this compared with 37 percent of the production employees. Nearly all white-collar employees received their regular salaries or earnings during vacation periods. About seven-eighths of the production employees received such vacation pay; 13 percent were provided vacation payments based on a percentage of annual earnings; and 1 percent received lump-sum payments from vacation funds.

Virtually all employees covered by vacation plans had to work for a specified period before being able to take a vacation. The most prevalent length-of-service requirement was 6 months for white-collar employees and 1 year for production employees.

Sixteen percent of the plan participants were allowed to cash in unused vacation time. This option was offered to 10 percent of the white-collar participants and 23 percent of the production participants.

Anniversary-year bonus vacation days, such as an extra week of vacation at 10 and 20 years of service, were included in the count of regular vacation time. Extended vacation plans, providing 10 to 13 weeks off with pay every 5 years or so in addition to regular vacation, were excluded. These plans are part of collective bargaining agreements negotiated in the aluminum and can industries.

### Personal leave (table 10)

Formal personal leave, which allows employees to be absent from work with pay for a variety of reasons not covered by other specific leave plans, was provided

<sup>2</sup>Work schedules include regularly scheduled overtime and paid lunch and rest periods. Overtime hours were excluded from the 1980-1984 surveys.

to one-fourth of the employees. Slightly over one-third of the white-collar employees received personal leave, nearly twice the proportion of production employees with this benefit. Most commonly, employees provided personal leave were eligible for 1 to 5 days, averaging 3.7 days per year. In cases where personal leave was part of an "annual leave" plan (combined vacation and personal leave) and could not be shown separately, it was reported as vacation time. The survey did not cover the extent of informal personal leave.

**Funeral leave, jury duty leave, and military leave (tables 11-13)**

At least 87 percent of the employees in each occupational group were eligible for paid leave to attend funerals of family members. Four-fifths of the employees received a set number of days per occurrence, averaging 3.2 days. (Three days off were available to a majority of workers in each occupational group.) For 10 percent of the white-collar workers and 3 percent of the blue-collar workers, the number of days off depended upon the employee's length of service. Workers

in plans where the number of days off varied by relationship to the deceased were included in the count of workers with a set number of days; the maximum number of days off was reported for each plan with this provision. Nearly one-fifth of the employees were in these plans.

Nine-tenths of the workers were eligible for paid leave while serving as a juror. Paid time off for jury duty was usually provided as needed, commonly making up the difference between the employee's regular pay and the court's jury allowance.

Military leave, providing pay for absence from work to fulfill military training or duty commitments, was available to seven-tenths of the employees. The most common provision was 2 weeks off per year. However, one-fifth of the workers could receive military leave as needed or according to the type of military duty. For workers with a specified number of days off, military leave averaged 11.5 work days per year. Pay for military leave was either regular pay or the difference between regular pay and military pay.

**Table 2. Work schedules: Percent of full-time employees by number of hours scheduled per week,<sup>1</sup> medium and large firms, 1985**

Work schedule	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Hours per week:				
Under 35 .....	1	( <sup>2</sup> )	( <sup>2</sup> )	2
35 .....	3	4	6	1
Over 35 and under 37.5 .....	1	1	2	1
37.5 .....	7	9	11	3
Over 37.5 and under 40 .....	2	3	4	( <sup>2</sup> )
40 .....	83	79	75	88
Over 40 .....	3	2	1	4
Hours per week not available .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Work schedule data included regularly scheduled overtime, paid lunch, and paid rest periods. Regularly scheduled overtime was excluded from the 1980-1984 surveys.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 3. Paid lunch time: Percent of full-time employees by minutes of paid lunch time per day, medium and large firms, 1985**

Minutes per day	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided paid lunch time .....	10	3	3	17
Under 20 minutes .....	1	( <sup>1</sup> )	1	1
20 minutes .....	4	( <sup>1</sup> )	( <sup>1</sup> )	7
Over 20 and under 30 minutes .....	( <sup>1</sup> )	-	-	( <sup>1</sup> )
30 minutes .....	4	1	1	7
Over 30 minutes .....	1	2	2	1
Number of minutes not available .....	( <sup>1</sup> )	-	-	( <sup>1</sup> )
Not provided paid lunch time .....	90	97	97	83

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 4. Paid rest time: Percent of full-time employees by minutes of paid rest time per day, medium and large firms, 1985**

Minutes per day	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided paid rest time .....	72	58	70	81
Under 15 minutes .....	2	1	1	2
15 minutes .....	4	3	5	3
Over 15 and under 20 minutes .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	1
20 minutes .....	25	17	18	33
Over 20 and under 30 minutes .....	4	2	2	6
30 minutes .....	34	35	44	29
Over 30 and under 40 minutes .....	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )
40 minutes .....	1	( <sup>1</sup> )	( <sup>1</sup> )	1
Over 40 minutes .....	2	-	-	5
Number of minutes not available .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Not provided paid rest time .....	28	42	30	19

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 5. Paid holidays and vacations: Average number of days for full-time participants, medium and large firms, 1985**

Item	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Paid holidays .....	10.1	10.2	9.8	10.1
Paid vacation by length of service:				
At 6 months <sup>1</sup> .....	5.6	6.1	5.7	5.2
At 1 year <sup>1</sup> .....	8.7	10.1	9.6	7.5
At 3 years .....	10.4	11.0	10.5	10.1
At 5 years .....	12.7	13.6	13.1	12.1
At 10 years .....	15.9	16.5	16.0	15.5
At 15 years .....	18.6	19.0	18.9	18.2
At 20 years .....	20.7	21.1	20.7	20.6
At 25 years .....	22.3	22.7	22.6	22.0
At 30 years <sup>2</sup> .....	22.9	23.3	23.1	22.5

<sup>1</sup> Prior to 1985, employees receiving vacation days, but none at 6 months or at 1 year of service, were included in computing the averages.

<sup>2</sup> The average (mean) was essentially the same for longer lengths of service.

NOTE: Computation of average included half days and excluded workers with zero holidays or vacation days.

**Table 6. Paid holidays: Percent of full-time employees by number of paid holidays provided each year, medium and large firms, 1985**

Number of days	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided paid holidays .....	98	99	100	96
Under 5 days .....	1	( <sup>1</sup> )	( <sup>1</sup> )	2
5 days .....	2	1	2	1
5 days plus 1 half day .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	-
6 days .....	4	4	7	3
6 days plus 1 or 2 half days .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
7 days .....	6	5	5	7
7 days plus 1 or 2 half days .....	( <sup>1</sup> )	( <sup>1</sup> )	1	( <sup>1</sup> )
8 days .....	8	7	7	8
8 days plus 1 or more half days .....	1	1	2	( <sup>1</sup> )
9 days .....	11	12	16	9
9 days plus 1 or more half days .....	1	2	2	( <sup>1</sup> )
10 days .....	23	25	23	22
10 days plus 1 or 2 half days .....	1	1	1	1
11 days .....	16	16	14	16
11 days plus 1 or 2 half days .....	1	1	1	( <sup>1</sup> )
12 days .....	10	12	10	9
12 days plus 1 or more half days .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
13 days .....	6	7	5	7
13 days plus 1 or more half days .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
14 days .....	5	4	3	7
15 days .....	1	1	( <sup>1</sup> )	2
More than 15 days .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Number of days not available .....	( <sup>1</sup> )	( <sup>1</sup> )	-	-
Not provided paid holidays .....	2	1	( <sup>1</sup> )	4

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 7. Paid holidays: Percent of full-time participants by policy on holidays that fall on a regularly scheduled day off, medium and large firms, 1985**

Holiday policy	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Holiday is not observed .....	1	1	1	1
Another day off granted .....	85	91	89	79
Additional day's pay in lieu of holiday .....	3	1	2	4
Another day off or day's pay, depending on when holiday falls ...	9	4	5	13
Another day off or holiday not observed, depending on when holiday falls .....	1	1	2	( <sup>1</sup> )
Other provision applies <sup>2</sup> .....	1	( <sup>1</sup> )	( <sup>1</sup> )	1
Holiday policy not determinable .....	1	1	1	1

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Includes plans where the policy differs by holiday.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 8. Paid vacations: Percent of full-time employees by amount of paid vacation provided at selected periods of service, medium and large firms, 1985**

Vacation policy	All employees	Professional and administrative employees	Technical and clerical employees	Production employees	Vacation policy	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100					
In plans providing paid vacations <sup>1</sup> .....	99	99	100	99	At 15 years of service:				
At 6 months of service:					5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Under 5 days .....	5	3	4	7	10 days .....	3	1	1	4
5 days .....	37	45	47	28	Over 10 and under 15 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 5 and under 10 days .....	9	15	13	5	15 days .....	25	19	20	31
10 days .....	4	5	6	1	Over 15 and under 20 days .....	4	5	5	3
Over 10 and under 15 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	20 days .....	62	68	70	56
15 days .....	1	2	( <sup>2</sup> )	( <sup>2</sup> )	Over 20 and under 25 days .....	2	2	2	2
Over 15 days .....	1	1	( <sup>2</sup> )	1	25 days .....	2	2	1	1
At 1 year of service:					Over 25 days .....	1	1	1	2
Under 5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-	At 20 years of service:				
5 days .....	30	8	13	50	5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 5 and under 10 days .....	1	1	1	1	10 days .....	3	1	1	4
10 days .....	61	79	81	41	Over 10 and under 15 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 10 and under 15 days .....	2	2	2	1	15 days .....	10	5	6	13
15 days .....	3	7	3	1	Over 15 and under 20 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1
Over 15 days .....	1	2	( <sup>2</sup> )	1	20 days .....	57	62	68	49
At 3 years of service:					Over 20 and under 25 days .....	3	4	3	3
5 days .....	4	1	1	7	25 days .....	24	24	19	25
Over 5 and under 10 days .....	2	( <sup>2</sup> )	( <sup>2</sup> )	3	Over 25 and under 30 days .....	1	2	2	1
10 days .....	77	76	85	74	30 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 10 and under 15 days .....	8	7	6	10	Over 30 days .....	1	( <sup>2</sup> )	( <sup>2</sup> )	2
15 days .....	6	12	7	3	At 25 years of service:				
Over 15 and under 20 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
20 days .....	1	2	1	( <sup>2</sup> )	10 days .....	3	1	1	4
Over 20 days .....	1	1	( <sup>2</sup> )	1	Over 10 and under 15 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
At 5 years of service:					15 days .....	8	5	6	11
5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1	Over 15 and under 20 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 5 and under 10 days .....	( <sup>2</sup> )	-	-	( <sup>2</sup> )	20 days .....	33	36	36	30
10 days .....	45	31	38	55	Over 20 and under 25 days .....	2	4	3	1
Over 10 and under 15 days .....	6	7	6	6	25 days .....	46	47	48	45
15 days .....	44	53	52	34	Over 25 and under 30 days .....	2	1	1	2
Over 15 and under 20 days .....	1	2	1	1	30 days .....	4	4	3	4
20 days .....	2	5	3	1	Over 30 days .....	1	1	1	2
Over 20 days .....	1	1	( <sup>2</sup> )	1	At 30 years of service: <sup>3</sup>				
At 10 years of service:					5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
5 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	10 days .....	3	1	1	4
10 days .....	6	3	3	9	Over 10 and under 15 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 10 and under 15 days .....	1	1	( <sup>2</sup> )	1	15 days .....	8	5	6	11
15 days .....	66	61	72	66	Over 15 and under 20 days .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Over 15 and under 20 days .....	7	6	4	10	20 days .....	32	35	35	28
20 days .....	17	27	19	10	Over 20 and under 25 days .....	1	2	1	1
Over 20 days .....	2	2	1	2	25 days .....	40	40	44	38
					Over 25 and under 30 days .....	2	1	2	2
					30 days .....	11	13	9	11
					Over 30 days .....	2	2	2	3

<sup>1</sup> Employees receiving no paid vacations in their early years of service are included in the overall percentage of workers provided paid vacations; however, they are disregarded in computing the distributions by length of service.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Provisions were virtually the same after longer years of service.

NOTE: Data include anniversary year bonus days and exclude extended vacations. Dash indicates no employees in this category.

**Table 9. Paid vacations: Percent of full-time participants by length of service required to take vacation, medium and large firms, 1985**

Length of service requirement	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With service requirement .....	97	96	97	98
1 month .....	7	10	9	4
2 months .....	3	3	2	2
3 months .....	11	11	12	10
4-5 months .....	1	1	( <sup>1</sup> )	2
6 months .....	35	44	45	26
7-11 months .....	1	1	2	1
1 year .....	38	26	26	50
Over 1 year .....	1	-	( <sup>1</sup> )	2
Without service requirement .....	3	4	3	2
Service requirement not determinable .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	1

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 10. Paid personal leave: Percent of full-time employees by number of paid personal leave days provided per year, medium and large firms, 1985**

Number of days	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided personal leave .....	26	33	37	18
1 day .....	2	2	3	1
2 days .....	6	7	10	3
3 days .....	4	5	4	3
4 days .....	4	4	6	3
5 days .....	4	6	6	3
More than 5 days .....	2	3	3	1
No maximum specified <sup>1</sup> .....	3	6	4	1
Varies by length of service .....	2	1	2	2
Not provided personal leave .....	74	67	63	82

<sup>1</sup> Workers were provided as much personal leave as they needed.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 11. Paid funeral leave: Percent of full-time employees by number of paid funeral leave days available per occurrence, medium and large firms, 1985**

Number of days	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided paid funeral leave .....	88	87	89	87
1 day .....	1	1	1	1
2 days .....	3	2	2	3
3 days .....	63	55	58	70
4 days .....	3	4	4	3
5 days .....	9	13	14	5
More than 5 days .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Varies by length of service .....	6	11	9	3
Number of days not available .....	1	1	( <sup>1</sup> )	1
Not provided paid funeral leave .....	12	13	11	13
Number of days varies by relationship to deceased <sup>2</sup> .....	18	19	21	16

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> The maximum number of days provided for any occurrence was included in the distribution of funeral leave days.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 12. Paid jury duty leave: Percent of full-time employees by number of paid jury duty leave days available per occurrence, medium and large firms, 1985**

Number of days	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided paid jury duty leave .....	92	94	96	89
10 days .....	2	1	2	2
20 days .....	1	2	1	1
22-30 days .....	3	3	3	2
Other .....	1	1	1	2
No maximum specified <sup>1</sup> .....	85	86	89	82
Number of days not available .....	1	1	1	1
Not provided paid jury duty leave .....	8	6	4	11

<sup>1</sup> Jury duty leave is provided as needed.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 13. Paid military leave: Percent of full-time employees by number of paid military leave days available per year, medium and large firms, 1985**

Number of days	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided paid military leave .....	70	77	75	63
5 days .....	1	1	1	( <sup>1</sup> )
10 days .....	39	44	42	36
11-14 days .....	4	5	5	4
15 days .....	4	4	5	3
30 days .....	1	1	1	1
Other days .....	2	2	2	2
Other <sup>2</sup> .....	18	20	19	16
Number of days not available .....	1	1	1	1
Not provided paid military leave .....	30	23	25	37

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Military leave varies by type of duty or is provided as needed.

NOTE: Because of rounding, sums of individual items may not equal totals.

## Chapter 3. Disability Benefits

Through paid sick leave or sickness and accident insurance, workers may be protected against loss of income during temporary absences from work due to illness or accident. During extended periods of disability, workers' income may be continued through long-term disability insurance or disability pensions. In 1985, short-term disability protection was available to 93 percent of all employees in the survey through sick leave, sickness and accident insurance, or both. Sick leave usually provides 100 percent of the worker's normal earnings; sickness and accident insurance usually replaces 50 to 67 percent of pay. Long-term disability insurance (LTD), which typically pays 50 or 60 percent of earnings, was available to 48 percent of the employees; 41 percent (some with LTD insurance) were eligible for immediate disability benefits under their pension plans, with payments usually determined by credited service without regard to age.

For 25 percent of the workers, employers provided short-term disability coverage by coordinating sick leave benefits with sickness and accident insurance. This is done by either starting insurance benefits after sick leave pay has ended, or paying both benefits concurrently. When payments are made from both sources, sick leave pay is reduced by the amount of the insurance benefits so that the total benefit does not exceed full salary. Regardless of the method of coordination, employers offering sickness and accident insurance tend to allow fewer sick leave days than those without such insurance. At 5 years of service, for example, annual sick leave plans coordinated with insurance made available an average of 15.6 days at full pay—only half of the days provided by plans without insurance. This gap widened as years of service increased.<sup>3</sup>

Long-term disability insurance payments usually begin after sick leave and sickness and accident insurance are exhausted and continue as long as the person is disabled or until retirement age. Career-ending disabilities may entitle an employee to an immediate pension, or the pension may be deferred until other forms of income, such as LTD insurance, have ceased.

Paid sick leave and LTD insurance were most often provided to white-collar workers, while sickness and accident insurance and immediate disability pension

benefits were more prevalent among blue-collar workers.

### Paid sick leave (tables 14-19)

Seventy-two percent of the employees covered by paid sick leave plans were allowed a specified number of days per year (annual sick leave plans). Another 21 percent of the participants were provided sick leave benefits for each illness (per-disability plans), while most of the remainder were covered by both annual and per-disability benefits. The number of days of sick leave granted varied widely by the type of sick leave plan as well as by specific provisions of each plan. Within individual plans, the maximum number of days granted is either uniform for all covered employees or increases with seniority.

Because annual sick leave plans do not renew benefits after each illness, two-fifths of the employees covered were allowed to carry over and accumulate unused sick leave from year to year (cumulative plans). Such plans typically granted fewer days per year than plans in which unused days were not accumulated. For example, at 20 years' service, cumulative annual plans averaged 15.8 days at full pay, while noncumulative plans averaged 56.0 days. Three-tenths of the workers with carryover provisions were allowed to accumulate an unlimited amount of sick leave; two-thirds had limits on the amount of sick leave that could be accumulated, ranging from under 10 days to over 130 days; and the remainder had carryover provisions that varied by length of service.

Per-disability sick leave plans generally provided more days of paid leave for an illness than annual plans. The average number of days at full pay was 59.9 at 1 year of service, 78.9 at 5 years of service, 105.3 at 15 years of service, and 129.6 at 25 years of service. Under annual plans, the average number of days available was 15.9 days at 1 year, 25.1 days at 5 years, 37.0 days at 15 years, and 40.6 days at 25 years.

Slightly over one-fifth of sick leave participants, usually under per-disability plans, had partial pay benefits available after full-pay benefits ended. Another 2 percent of the participants had only partial-pay benefits available.

Sick leave plans commonly had a short service requirement, generally 3 months, before new employees became eligible for benefits. Seven-eighths of the participants were in plans providing benefits on the first

<sup>3</sup> For further analysis of short-term disability protection, see William J. Wiatrowski, "Employee Income Protection Against Short-term Disabilities," *Monthly Labor Review*, February 1985, pp. 32-38.



day of illness to employees with 1 year of service. The remainder typically had to wait 1 to 5 workdays, with the waiting period often decreasing to zero days after 10 years or more of service.

#### **Sickness and accident insurance (tables 14, 20-22)**

Half of all employees were protected by sickness and accident insurance plans against absences from work due to short-term disabilities. More than four-fifths of the participants had their benefits fully paid by their employer. The one-fifth who were required to contribute toward the cost of coverage most often paid a fixed amount, usually between \$2 and \$3 a month. Most of the others paid a percent of monthly earnings, or had the cost included in the premium for an insurance package.

Benefit payments under sickness and accident insurance plans were either a percent of employee earnings or a scheduled dollar amount. The percent of earnings was usually fixed—typically between 50 and 67 percent—although percents varying by service and length of disability were also observed. Plans paying a percent of earnings covered 77 percent of the white-collar participants, compared with 35 percent of the blue-collar participants. These earnings-based plans often had a dollar limit on the amount of the weekly benefit available; such limits have risen steadily since they were first recorded in 1981. For example, 33 percent of the participants had maximum weekly benefits of \$140 or more in 1981; by 1985, this proportion had increased to 57 percent. Blue-collar workers were the most common recipients of scheduled dollar benefits, which provided either a fixed weekly amount (ranging from under \$60 to over \$220), or varying weekly benefits (usually based on earnings).

The maximum weeks of coverage for each disability were fixed for all but 7 percent of participants, for whom duration of coverage varied by length of service. Of those participants with benefits lasting for a fixed period, most had 26 weeks of coverage. Other common periods were 13 and 52 weeks.

Four-fifths of the employees with sickness and accident insurance were required to be on the job for a specified minimum time period before they were covered by the plan. Service requirements were usually 1, 2, or 3 months. One percent of the participants were in plans requiring over 1 year of service before coverage.

Sickness and accident insurance, unlike sick leave, usually requires a waiting period before benefits begin. The most common provision requires an employee to be out of work due to illness or injury some short period, usually 3 to 7 days, before payments begin. Waiting periods may be shortened or eliminated entirely for employees involved in an accident or hospitalized.

Workers in two States, New Jersey and New York,

are covered by mandatory temporary disability insurance plans that are at least partially employer financed. Both of these State plans pay benefits based on a percentage of the worker's earnings for up to 26 weeks with a limit on the weekly benefit (\$145 in New York and \$158 in New Jersey during the 1985 survey period).<sup>4</sup>

#### **Long-term disability insurance (tables 23-25)**

Long-term disability insurance continues the income of employees during extended periods of disability. Generally, LTD begins after sick leave and sickness and accident insurance are exhausted and continues as long as the employee remains disabled, or until retirement age. If disabled after age 60, however, LTD benefits usually continue for 5 years or to age 70, whichever is earlier.

Forty-eight percent of the employees covered by the study had LTD insurance; one-fifth of the participants were required to contribute toward the cost of the plans. The amount of LTD insurance usually varied by earnings, as did the cost to the employee. When a flat rate was charged, employees usually paid under 0.5 percent of their earnings. In plans charging a monthly amount per \$100 of covered earnings, the rate was always less than 80 cents.

Service requirements found in LTD plans were usually more restrictive than for the other insurance benefits. Nearly one-fourth of the participants had service requirements of from 1 year to 3 years or more. Because of the long-term nature of this benefit, more employers restricted eligibility to employees who had demonstrated some attachment to the company.

The degree of participation varied widely among the employee groups, with white-collar workers twice as likely to have LTD insurance as blue-collar workers. However, many employees not covered under LTD insurance are eligible for an immediate disability pension through their retirement plan; two-fifths of the employees (54 percent of the production workers) were covered by immediate disability retirement provisions.

Long-term disability benefits were usually 50 or 60 percent of monthly pay. Most of the plans that pay a percent of predisability earnings had maximum payment limitations—commonly \$1,500 to \$5,000 a month.

One-fourth of the participants were in plans that provided a benefit which was not a fixed percent of earnings. These formulas differed sharply by employee group. Just over one-quarter of the blue-collar participants were in plans paying a dollar amount that varied by the level of the worker's earnings. In contrast, one-

<sup>4</sup>Both States permit an employer to substitute a private plan for the State plan if the benefits provided are at least equivalent. In New York, many employers agree to pay the employee's share of plan costs. California and Rhode Island also have mandated temporary disability insurance plans, but these plans require no employer contribution and, thus, are not included in this survey.

sixth of the white-collar participants were in plans with other benefit formulas—a variable percentage of earnings, a flat dollar amount, or a percent of earnings that varied by length of disability.

A ceiling on income during disability was a common limitation to LTD payments, regardless of the type of plan. These ceilings affected benefits only if the amount payable from the LTD plan plus income from other sources, such as rehabilitative employment and family Social Security payments, exceeded a specified percentage of predisability earnings (frequently 70 to 75 percent). Nearly seven-tenths of the LTD participants were limited by these income ceilings, by the dollar maximums in plans that pay a percent of earnings, or by a

combination of both.

Survivor benefits after the death of the disabled employee were available in plans covering 14 percent of the LTD participants. A lump-sum payment, usually equal to 3 times the monthly LTD benefit, was the most common survivor benefit provided.

Three-tenths of the participants were in LTD plans with special limitations on benefits for mental illness. In most of these cases, benefits were provided for a limited period (usually 24 months), unless the participant was institutionalized. In a few cases, benefits were provided only if the participant was institutionalized, or benefits were provided for a limited period, regardless of institutionalization.

**Table 14. Short-term disability coverage: Percent of full-time employees by participation in sickness and accident insurance plans and paid sick leave plans, medium and large firms, 1985**

Type of plan	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
With short-term disability coverage ..	93	96	97	90
Sickness and accident insurance only .....	26	3	5	49
Wholly employer financed .....	23	2	4	43
Paid sick leave only .....	42	66	60	21
Combined sickness and accident insurance/paid sick leave .....	25	27	33	21
Wholly employer financed .....	20	20	26	17
Without short-term disability coverage .....	7	4	3	10

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 15. Paid sick leave: Percent of full-time employees by type of provision, medium and large firms, 1985**

Provision	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Provided sick leave .....	67	93	92	41
Sick leave provided on:				
An annual basis only <sup>1</sup> .....	48	59	68	32
A per disability basis only <sup>2</sup> .....	14	23	16	7
Both an annual and per disability basis .....	3	4	6	1
As needed basis <sup>3</sup> .....	2	5	1	1
Other basis <sup>4</sup> .....	( <sup>5</sup> )	( <sup>5</sup> )	1	( <sup>5</sup> )
Not provided paid sick leave .....	33	7	8	59

<sup>1</sup> Employees earn a specified number of sick leave days per year. This number may vary by length of service.

<sup>2</sup> Employees earn a specified number of sick leave days for each illness or disability. This number may vary by length of service.

<sup>3</sup> Plan does not specify maximum number of days.

<sup>4</sup> Includes formal plans with provisions that change from a specified number of days per year to a specified number of days per absence after a certain service period.

<sup>5</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 16. Paid sick leave: Percent of full-time employees by sick leave provision, medium and large firms, 1985**

Sick leave policy <sup>1</sup>	All employees	Professional and administrative employees	Technical and clerical employees	Production employees	Sick leave policy <sup>1</sup>	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100	Sick leave provided on a per disability basis <sup>2</sup> .....	17	28	23	8
Provided sick leave <sup>2</sup> .....	67	93	92	41	At 6 months of service:				
Sick leave provided annually <sup>3</sup> .....	51	63	74	33	Under 5 days .....	(*)	1	1	(*)
At 6 months of service:					5 and under 10 days .....	4	6	6	1
Under 5 days .....	11	9	17	10	10 and under 30 days .....	3	5	6	1
5 and under 10 days .....	18	21	30	10	30 and under 60 days .....	1	1	1	(*)
10 and under 30 days .....	11	21	17	3	60 and under 120 days .....	1	3	1	(*)
30 and under 60 days .....	1	2	1	(*)	120 and under 180 days .....	3	8	3	1
60 and under 120 days .....	1	2	(*)	(*)	180 days or more .....	(*)	1	(*)	(*)
120 days or more .....	1	3	1	(*)	At 1 year of service:				
At 1 year of service:					Under 5 days .....	1	1	1	(*)
Under 5 days .....	3	1	3	5	5 and under 10 days .....	2	3	3	1
5 and under 10 days .....	18	14	26	16	10 and under 30 days .....	5	6	8	2
10 and under 30 days .....	24	37	40	9	30 and under 60 days .....	2	4	2	(*)
30 and under 60 days .....	2	5	3	1	60 and under 120 days .....	1	3	1	(*)
60 and under 120 days .....	1	3	1	(*)	120 and under 180 days .....	4	8	3	2
120 days or more .....	1	3	1	1	180 days or more .....	(*)	1	(*)	(*)
At 5 years of service:					At 5 years of service:				
Under 5 days .....	2	1	2	3	Under 10 days .....	1	1	2	(*)
5 and under 10 days .....	15	11	20	16	10 and under 30 days .....	2	2	3	1
10 and under 30 days .....	20	27	32	9	30 and under 60 days .....	3	4	4	1
30 and under 60 days .....	7	12	12	2	60 and under 120 days .....	6	9	9	3
60 and under 120 days .....	4	8	6	1	120 and under 180 days .....	4	9	4	2
120 days or more .....	2	6	2	1	180 days or more .....	1	2	(*)	(*)
At 10 years of service:					At 10 years of service:				
Under 5 days .....	2	1	2	3	Under 10 days .....	1	1	2	(*)
5 and under 10 days .....	15	10	19	16	10 and under 30 days .....	1	1	2	1
10 and under 30 days .....	18	25	30	8	30 and under 60 days .....	1	2	2	(*)
30 and under 60 days .....	5	7	8	2	60 and under 120 days .....	6	9	10	3
60 and under 120 days .....	6	11	9	2	120 and under 180 days .....	5	11	6	2
120 days or more .....	5	10	5	1	180 days or more .....	1	2	1	(*)
At 15 years of service:					At 15 years of service:				
Under 5 days .....	2	1	2	3	Under 10 days .....	1	1	2	(*)
5 and under 10 days .....	15	10	19	16	10 and under 30 days .....	1	1	2	1
10 and under 30 days .....	18	24	30	8	30 and under 60 days .....	1	1	1	(*)
30 and under 60 days .....	3	5	6	2	60 and under 120 days .....	4	7	6	1
60 and under 120 days .....	6	11	9	2	120 and under 180 days .....	9	14	10	5
120 days or more .....	6	12	8	2	180 days or more .....	1	3	1	(*)
At 20 years of service:					At 20 years of service:				
Under 5 days .....	2	1	2	3	Under 10 days .....	1	1	2	(*)
5 and under 10 days .....	15	10	19	16	10 and under 30 days .....	1	1	2	1
10 and under 30 days .....	17	24	29	8	30 and under 60 days .....	1	1	1	(*)
30 and under 60 days .....	3	5	5	2	60 and under 120 days .....	4	7	6	1
60 and under 120 days .....	6	10	8	2	120 and under 180 days .....	6	12	6	2
120 days or more .....	7	14	9	2	180 days or more .....	4	6	5	2
At 25 years of service: <sup>5</sup>					At 25 years of service: <sup>5</sup>				
Under 5 days .....	1	1	2	1	Under 10 days .....	1	1	2	(*)
5 and under 10 days .....	16	10	19	18	10 and under 30 days .....	1	1	2	1
10 and under 30 days .....	17	24	30	8	30 and under 60 days .....	1	1	1	(*)
30 and under 60 days .....	4	5	5	2	60 and under 120 days .....	3	5	6	1
60 and under 120 days .....	4	6	6	2	120 and under 180 days .....	6	13	7	3
120 days or more .....	9	17	11	3	180 days or more .....	4	6	5	2
					As needed basis <sup>7</sup> .....	2	5	1	1
					Other basis <sup>8</sup> .....	(*)	(*)	1	(*)
					Not provided paid sick leave .....	33	7	8	59

<sup>1</sup> Some plans grant sick leave at partial pay, either in addition or as an alternative to full-pay provisions. Employees receiving partial pay only or no sick leave in their early years of service are included in the overall percentages of workers provided sick leave; however, they are disregarded in computing the distributions by length of service.

<sup>2</sup> The total is less than the sum of the individual breakdowns because some employees had annual and per disability plans.

<sup>3</sup> Employees earn a specified number of sick leave days per year.

This number may vary by length of service.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> Provisions were virtually the same after longer years of service.

<sup>6</sup> Employees earn a specified number of sick leave days for each illness or disability. This number may vary by length of service.

<sup>7</sup> Plan does not specify maximum number of days.

<sup>8</sup> Includes formal plans with provisions that change from a specified number of days per year to a specified number of days per absence.

**Table 17. Paid sick leave: Average number of days at full pay for full-time participants by type of plan, medium and large firms, 1985**

Item	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
<b>Paid annual sick leave<sup>1</sup> by length of service:</b>				
At 6 months .....	11.9	17.1	9.0	8.5
At 1 year .....	15.9	22.8	13.3	11.1
At 3 years .....	19.8	28.1	18.0	12.9
At 5 years .....	25.1	36.0	23.3	15.4
At 10 years .....	32.6	46.2	31.4	19.6
At 15 years .....	37.0	51.8	36.0	22.6
At 20 years .....	39.4	55.0	38.6	23.8
At 25 years .....	40.6	56.7	39.7	24.6
At 30 years <sup>2</sup> .....	41.1	57.3	40.2	24.9
<b>Paid per disability sick leave<sup>3</sup> by length of service:</b>				
At 6 months .....	54.1	66.4	38.2	47.2
At 1 year .....	59.9	71.1	43.3	59.4
At 3 years .....	63.3	75.0	49.2	59.4
At 5 years .....	78.9	88.1	66.7	77.5
At 10 years .....	91.3	102.3	81.0	83.4
At 15 years .....	105.3	112.2	95.5	105.3
At 20 years .....	117.6	120.7	107.8	126.0
At 25 years .....	129.6	128.7	119.8	146.4
At 30 years <sup>2</sup> .....	129.7	128.8	119.9	146.4

<sup>1</sup> Employees earn a specified number of sick leave days per year. This number may vary by length of service.

<sup>2</sup> The average (mean) was virtually the same after longer years of service.

<sup>3</sup> Employees earn a specified number of sick leave days for each illness or disability. This number may vary by length of service.

NOTE: Computation of average excluded days paid at partial pay and workers with only partial pay days or zero days of sick leave.

**Table 18. Paid annual sick leave:<sup>1</sup> Average number of days at full pay for full-time participants by accumulation policy and sickness and accident insurance coordination, medium and large firms, 1985**

Item	All participants	Professional and administrative participants	Technical and clerical participants	Production participants	Item	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
<b>At 1 year of service:</b>									
Cumulative plan .....	9.6	11.6	9.8	7.7	<b>At 10 years of service:—Continued</b>				
With sickness and accident insurance .....	7.4	9.3	8.4	5.6	Noncumulative plan .....	45.2	61.2	43.4	27.2
Without sickness and accident insurance .....	11.2	12.7	10.8	10.0	With sickness and accident insurance .....	27.3	43.8	31.2	12.4
Noncumulative plan .....	20.3	28.9	16.1	13.9	Without sickness and accident insurance .....	58.1	70.3	50.6	47.0
With sickness and accident insurance .....	12.6	20.4	12.0	6.6	<b>At 20 years of service:</b>				
Without sickness and accident insurance .....	25.7	33.3	18.5	22.9	Cumulative plan .....	15.8	19.6	17.2	11.2
<b>At 5 years of service:</b>					With sickness and accident insurance .....	12.8	16.5	17.2	7.5
Cumulative plan .....	12.2	15.3	13.0	8.8	Without sickness and accident insurance .....	18.1	21.1	17.2	15.6
With sickness and accident insurance .....	9.7	13.1	12.1	6.2	Noncumulative plan .....	56.0	74.2	55.4	34.1
Without sickness and accident insurance .....	14.1	16.4	13.5	12.0	With sickness and accident insurance .....	34.7	54.6	41.1	15.3
Noncumulative plan .....	34.2	47.2	31.5	20.9	Without sickness and accident insurance .....	71.4	84.4	63.7	59.1
With sickness and accident insurance .....	19.9	32.8	20.7	9.7	<b>At 25 years of service:</b>				
Without sickness and accident insurance .....	44.5	54.7	37.8	36.0	Cumulative plan .....	15.9	19.6	17.2	11.3
<b>At 10 years of service:</b>					With sickness and accident insurance .....	12.9	16.5	17.2	7.8
Cumulative plan .....	14.8	18.5	16.0	10.4	Without sickness and accident insurance .....	18.1	21.2	17.2	15.7
With sickness and accident insurance .....	11.8	15.6	15.5	7.2	Noncumulative plan .....	58.0	76.7	57.4	35.5
Without sickness and accident insurance .....	17.0	20.0	16.4	14.3	With sickness and accident insurance .....	36.6	57.1	43.7	16.3
					Without sickness and accident insurance .....	73.4	86.9	65.3	61.0

<sup>1</sup> Paid sick leave plans with a specified number of days available each year. Per disability plans were excluded from this table because (1) only one-fifth of the employees with per disability plans were also covered under a sickness and accident insurance plan and (2) only annual sick leave plans allow the employee to carry over and accumulate unused sick leave from one year to the next year. Instead, the number

of days of paid leave under a per disability plan is renewed for each illness or disability after the employee returns to work for a specified period. Data on per disability plans are presented in table 17.

NOTE: Computation of average excluded days paid at partial pay and workers with only partial pay days or zero days of sick leave.

**Table 19. Paid annual sick leave: Percent of full-time participants by unused sick leave policy and carryover provisions, medium and large firms, 1985**

Unused sick leave policy and carryover provisions	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
<b>Unused sick leave policy</b>				
Total .....	100	100	100	100
Carryover only .....	35	32	39	34
Cash-in only .....	9	3	6	20
Carryover and cash-in .....	6	3	5	10
Unused benefit lost .....	49	62	50	35
Data not available .....	1	1	( <sup>1</sup> )	1
<b>Carryover provisions</b>				
Total .....	100	100	100	100
Unlimited accumulation .....	30	33	31	28
Limit on total number of days accumulated .....	67	61	67	71
Under 10 days .....	5	2	4	9
10 days .....	3	2	2	4
11 - 19 days .....	4	1	5	5
20 days .....	6	2	3	11
21 - 24 days .....	1	1	1	1
25 days .....	2	1	2	3
26 - 49 days .....	10	7	10	14
50 days .....	1	1	1	1
51 - 64 days .....	4	3	5	3
65 days .....	5	8	5	2
66 - 129 days .....	12	16	14	8
130 days .....	8	9	10	4
Over 130 days .....	5	4	5	6
Days not available .....	1	2	1	( <sup>1</sup> )
Other <sup>2</sup> .....	2	4	1	( <sup>1</sup> )
Data not available .....	1	2	( <sup>1</sup> )	1

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Carryover provisions vary by length of service.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 20. Sickness and accident insurance: Percent of full-time participants by type and duration of payments, medium and large firms, 1985**

Type of payment	Total	Maximum weeks of coverage								No maximum
		Less than 13	13	14-25	26	27-51	52	Greater than 52	Varies by service	
<b>All participants</b>										
All types .....	100	2	11	6	57	2	15	( )	7	( )
Fixed percent of earnings .....	44	1	4	4	32	1	1	( )	3	( )
Less than 50 .....	( )	-	( )	-	( )	( )	-	( )	( )	( )
50 .....	16	( )	1	2	12	( )	( )	( )	( )	( )
55 .....	( )	( )	( )	-	( )	( )	( )	( )	( )	( )
60 .....	13	( )	( )	1	9	( )	( )	( )	2	( )
62 .....	( )	( )	( )	-	( )	( )	( )	( )	( )	( )
65 .....	2	( )	( )	1	1	( )	( )	( )	( )	( )
66 .....	( )	( )	( )	-	( )	( )	( )	( )	( )	( )
67 .....	9	( )	1	-	7	( )	( )	( )	( )	( )
70 .....	2	( )	( )	-	1	( )	( )	( )	( )	( )
75 .....	1	( )	( )	( )	( )	( )	( )	( )	( )	( )
80 .....	1	( )	( )	( )	1	( )	( )	( )	( )	( )
Percent of earnings varies .....	5	-	( )	( )	2	( )	2	( )	1	( )
By service .....	2	-	( )	( )	1	( )	1	( )	( )	( )
By length of disability .....	1	-	( )	( )	( )	( )	1	( )	( )	( )
By both service and length of disability .....	1	-	-	( )	1	-	-	( )	1	( )
Fixed weekly dollar benefit .....	27	1	7	1	14	1	2	( )	1	( )
Less than \$60 .....	5	( )	2	( )	3	( )	( )	( )	( )	( )
\$60-\$79 .....	3	( )	2	( )	1	( )	( )	( )	( )	( )
\$80-\$99 .....	2	( )	( )	( )	1	( )	( )	( )	( )	( )
\$100-\$119 .....	4	1	1	1	2	( )	( )	( )	( )	( )
\$120-\$139 .....	3	( )	1	( )	2	( )	( )	( )	( )	( )
\$140-\$159 .....	3	( )	( )	( )	2	( )	( )	( )	( )	( )
\$160-\$179 .....	2	( )	( )	( )	2	( )	( )	( )	( )	( )
\$180-\$199 .....	2	( )	( )	( )	1	( )	1	( )	1	( )
\$200-\$219 .....	1	( )	( )	( )	1	( )	( )	( )	( )	( )
\$220 or more .....	1	( )	( )	( )	( )	( )	( )	( )	( )	( )
Weekly dollar benefit varies .....	24	( )	1	1	9	1	10	( )	2	( )
By earnings .....	22	( )	( )	1	8	( )	10	( )	2	( )
By service or length of disability .....	2	( )	( )	-	( )	( )	( )	( )	( )	( )
<b>Professional and administrative</b>										
All types .....	100	1	4	6	74	2	9	( )	4	( )
Fixed percent of earnings .....	66	1	2	5	53	1	1	( )	3	( )
Less than 50 .....	1	( )	( )	-	( )	( )	( )	( )	( )	( )
50 .....	22	( )	-	2	19	( )	( )	( )	( )	( )
55 .....	( )	( )	( )	-	( )	( )	( )	( )	( )	( )
60 .....	20	( )	1	1	16	( )	( )	( )	2	( )
65 .....	6	( )	-	2	4	( )	( )	( )	( )	( )
67 .....	11	( )	1	( )	10	( )	( )	( )	( )	( )
70 .....	3	( )	( )	( )	3	( )	( )	( )	( )	( )
75 .....	2	( )	1	( )	( )	1	( )	( )	( )	( )
80 .....	1	( )	( )	( )	1	( )	( )	( )	( )	( )
Percent of earnings varies .....	10	-	-	( )	2	( )	7	( )	1	( )
By service .....	5	-	-	( )	( )	( )	4	( )	( )	( )
By length of disability .....	3	-	-	( )	( )	( )	3	( )	( )	( )
By both service and length of disability .....	2	-	-	( )	1	( )	( )	( )	1	( )

See footnotes at end of table.



**Table 20. Sickness and accident insurance: Percent of full-time participants by type and duration of payments, medium and large firms, 1985—Continued**

Type of payment	Total	Maximum weeks of coverage								No maximum
		Less than 13	13	14-25	26	27-51	52	Greater than 52	Varies by service	
<b>Professional and administrative</b>										
Fixed weekly dollar benefit .....	13	(0)	2	1	9	-	1	-	-	-
Less than \$60 .....	6	-	(0)	-	5	-	-	-	-	-
\$60-\$79 .....	1	-	1	(0)	-	-	-	-	-	-
\$80-\$99 .....	1	(0)	(0)	(0)	1	-	(0)	-	-	-
\$100-\$119 .....	2	-	(0)	(0)	1	-	1	-	-	-
\$120-\$139 .....	2	(0)	(0)	-	1	-	(0)	-	-	-
\$140-\$159 .....	(0)	-	-	-	(0)	-	(0)	-	-	-
\$160-\$179 .....	1	-	-	-	1	-	-	-	-	-
\$180-\$199 .....	(0)	-	-	(0)	-	-	-	-	-	-
\$200-\$219 .....	1	-	-	-	1	-	-	-	-	-
Weekly dollar benefit varies .....	11	-	(0)	-	10	(0)	(0)	-	(0)	-
By earnings .....	10	-	(0)	-	9	(0)	(0)	-	(0)	-
By service or length of disability .....	1	-	-	-	1	-	-	-	(0)	-
<b>Technical and clerical</b>										
All types .....	100	4	10	7	64	3	6	(0)	7	(0)
Fixed percent of earnings .....	67	1	7	6	45	2	1	(0)	5	(0)
Less than 50 .....	1	-	-	-	-	(0)	-	-	(0)	(0)
50 .....	25	1	2	2	20	(0)	(0)	-	(0)	(0)
55 .....	1	-	-	-	1	(0)	-	-	1	(0)
60 .....	17	(0)	1	2	10	1	(0)	-	2	(0)
65 .....	5	(0)	-	1	2	-	-	-	1	(0)
66 .....	(0)	-	-	-	(0)	-	-	-	-	(0)
67 .....	13	(0)	3	-	10	(0)	(0)	-	-	(0)
70 .....	2	-	(0)	(0)	1	(0)	-	-	(0)	(0)
75 .....	2	-	1	(0)	(0)	(0)	-	(0)	(0)	(0)
80 .....	1	-	-	-	1	-	-	-	-	(0)
Percent of earnings varies .....	10	-	(0)	1	4	(0)	3	-	1	-
By service .....	5	-	-	1	2	-	3	-	-	-
By length of disability .....	2	-	(0)	-	(0)	(0)	1	-	-	-
By both service and length of disability .....	3	-	-	(0)	2	-	-	-	1	-
Fixed weekly dollar benefit .....	13	2	2	1	7	-	1	-	1	-
Less than \$60 .....	4	-	1	-	3	-	-	-	(0)	-
\$60-\$79 .....	1	-	(0)	(0)	(0)	-	-	-	(0)	-
\$80-\$99 .....	1	(0)	(0)	-	(0)	-	(0)	-	-	-
\$100-\$119 .....	4	2	1	(0)	1	-	(0)	-	-	-
\$120-\$139 .....	1	(0)	(0)	-	1	-	(0)	-	-	-
\$140-\$159 .....	(0)	-	-	-	(0)	-	(0)	-	(0)	-
\$160-\$179 .....	1	-	-	-	1	-	(0)	-	(0)	-
\$180-\$199 .....	(0)	-	-	(0)	-	-	(0)	-	-	-
\$200-\$219 .....	(0)	-	-	-	(0)	-	-	-	-	-
\$220 or more .....	(0)	-	-	-	-	-	(0)	-	-	-
Weekly dollar benefit varies .....	10	-	(0)	-	7	1	1	-	1	-
By earnings .....	9	-	(0)	-	6	1	1	-	(0)	-
By service or length of disability .....	1	-	(0)	-	1	-	(0)	-	(0)	-

See footnotes at end of table.

**Table 20. Sickness and accident insurance: Percent of full-time participants by type and duration of payments, medium and large firms, 1985—Continued**

Type of payment	Total	Maximum weeks of coverage								No maximum
		Less than 13	13	14-25	26	27-51	52	Greater than 52	Varies by service	
<b>Production</b>										
All types .....	100	2	13	6	52	2	19	-	7	( <sup>1</sup> )
Fixed percent of earnings .....	33	( <sup>1</sup> )	3	3	24	( <sup>1</sup> )	1	-	2	( <sup>1</sup> )
Less than 50 .....	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )
50 .....	12	( <sup>1</sup> )	2	2	8	-	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )
55 .....	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )	-	-	-	-	-
60 .....	10	( <sup>1</sup> )	( <sup>1</sup> )	1	7	-	( <sup>1</sup> )	-	1	-
62 .....	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )	-	-	-	-	-
65 .....	1	( <sup>1</sup> )	-	( <sup>1</sup> )	1	-	-	-	( <sup>1</sup> )	( <sup>1</sup> )
67 .....	7	( <sup>1</sup> )	1	( <sup>1</sup> )	6	( <sup>1</sup> )	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )
70 .....	1	-	( <sup>1</sup> )	( <sup>1</sup> )	1	-	-	-	( <sup>1</sup> )	( <sup>1</sup> )
75 .....	1	-	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )	-	-	( <sup>1</sup> )	( <sup>1</sup> )
80 .....	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )	-	-	-	-	( <sup>1</sup> )
Percent of earnings varies .....	2	-	-	( <sup>1</sup> )	1	-	-	-	( <sup>1</sup> )	-
By service .....	1	-	-	-	1	-	-	-	-	-
By length of disability .....	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )	-	-	-	-	-
By both service and length of disability .....	1	-	-	( <sup>1</sup> )	( <sup>1</sup> )	-	-	-	( <sup>1</sup> )	-
Fixed weekly dollar benefit .....	34	1	9	1	17	1	3	-	2	-
Less than \$60 .....	6	( <sup>1</sup> )	3	( <sup>1</sup> )	2	( <sup>1</sup> )	-	-	-	-
\$60-\$79 .....	4	-	3	( <sup>1</sup> )	1	( <sup>1</sup> )	-	-	( <sup>1</sup> )	-
\$80-\$99 .....	2	( <sup>1</sup> )	( <sup>1</sup> )	-	2	( <sup>1</sup> )	( <sup>1</sup> )	-	-	-
\$100-\$119 .....	5	( <sup>1</sup> )	1	1	3	-	-	-	-	-
\$120-\$139 .....	3	( <sup>1</sup> )	1	( <sup>1</sup> )	2	( <sup>1</sup> )	( <sup>1</sup> )	-	-	-
\$140-\$159 .....	4	-	( <sup>1</sup> )	-	3	( <sup>1</sup> )	1	-	( <sup>1</sup> )	-
\$160-\$179 .....	3	-	-	-	3	( <sup>1</sup> )	-	-	( <sup>1</sup> )	-
\$180-\$199 .....	4	-	( <sup>1</sup> )	( <sup>1</sup> )	1	( <sup>1</sup> )	1	-	1	-
\$200-\$219 .....	1	-	( <sup>1</sup> )	-	1	-	-	-	-	-
\$220 or more .....	2	-	-	-	1	-	( <sup>1</sup> )	-	1	-
Weekly dollar benefit varies .....	31	( <sup>1</sup> )	1	1	9	( <sup>1</sup> )	15	-	4	( <sup>1</sup> )
By earnings .....	29	( <sup>1</sup> )	( <sup>1</sup> )	1	8	( <sup>1</sup> )	15	-	3	( <sup>1</sup> )
By service or length of disability .....	2	( <sup>1</sup> )	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	-	1	-

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 21. Sickness and accident insurance: Percent of full-time participants with benefits based on percent of earnings formula by maximum weekly benefit, medium and large firms, 1985**

Type of payment	Total	Maximum weekly benefit											No maximum
		Total with maximum	Less than \$100	\$100 to \$119	\$120 to \$139	\$140 to \$159	\$160 to \$199	\$200 to \$249	\$250 to \$299	\$300 to \$349	\$350 to \$399	\$400 or more	
<b>All participants</b>													
Total .....	100	68	3	5	4	28	5	9	2	4	2	7	32
Fixed percent of earnings .....	90	67	3	5	4	28	5	9	2	4	2	7	23
Less than 50 .....	1	-	-	-	-	-	-	-	-	-	-	-	1
50 .....	32	26	2	1	-	17	1	1	2	1	-	1	6
55 .....	1	1	-	-	-	(1)	(1)	(1)	(1)	(1)	-	-	-
60 .....	26	21	1	2	3	(1)	2	6	1	2	1	3	5
62 .....	(1)	(1)	-	-	-	-	-	-	-	-	-	-	-
65 .....	5	(1)	-	-	-	(1)	-	-	-	(1)	-	-	4
66 .....	(1)	(1)	-	-	-	-	-	-	(1)	-	-	-	-
67 .....	18	16	(1)	1	(1)	10	1	(1)	(1)	1	1	2	2
70 .....	4	2	-	(1)	(1)	1	-	1	(1)	(1)	(1)	(1)	1
75 .....	3	1	-	-	-	-	(1)	(1)	-	-	-	1	2
80 .....	1	(1)	-	-	(1)	-	-	-	-	-	-	-	1
Percent of earnings varies .....	10	1	-	-	-	-	-	(1)	-	(1)	(1)	(1)	9
<b>Professional and administrative</b>													
Total .....	100	64	4	1	3	28	3	9	1	7	1	7	36
Fixed percent of earnings .....	87	63	4	1	3	28	3	9	1	7	1	6	24
Less than 50 .....	1	-	-	-	-	-	-	-	-	-	-	-	1
50 .....	28	24	2	1	-	19	-	1	1	(1)	-	-	4
55 .....	1	1	-	-	-	-	1	-	-	-	-	-	-
60 .....	26	22	1	-	3	-	1	8	(1)	5	1	3	4
65 .....	8	1	-	-	-	-	-	-	-	1	-	-	7
67 .....	15	13	(1)	-	(1)	9	1	-	-	(1)	-	3	2
70 .....	4	2	-	(1)	-	(1)	-	(1)	-	-	(1)	1	2
75 .....	3	(1)	-	-	-	-	-	-	-	-	-	(1)	3
80 .....	1	-	-	-	-	-	-	-	-	-	-	-	1
Percent of earnings varies .....	13	1	-	-	-	-	-	(1)	-	(1)	(1)	(1)	13
<b>Technical and clerical</b>													
Total .....	100	65	3	3	4	31	4	5	3	2	1	9	35
Fixed percent of earnings .....	87	63	3	3	4	31	4	5	3	2	1	9	24
Less than 50 .....	1	-	-	-	-	-	-	-	-	-	-	-	1
50 .....	33	26	2	1	-	21	(1)	(1)	2	(1)	-	-	6
55 .....	1	1	-	-	-	-	(1)	(1)	-	(1)	-	-	-
60 .....	22	17	1	1	3	(1)	2	4	1	1	(1)	4	5
65 .....	6	(1)	-	-	-	(1)	-	-	-	(1)	-	-	6
66 .....	(1)	(1)	-	-	-	-	-	-	(1)	-	-	-	-
67 .....	17	16	(1)	1	(1)	9	1	(1)	(1)	(1)	(1)	4	1
70 .....	3	2	-	(1)	(1)	(1)	-	(1)	(1)	(1)	(1)	(1)	1
75 .....	3	1	-	-	(1)	-	(1)	(1)	-	-	-	1	2
80 .....	2	(1)	-	-	(1)	-	-	-	-	-	-	-	2
Percent of earnings varies .....	13	2	-	-	-	-	-	(1)	-	(1)	1	1	12
<b>Production</b>													
Total .....	100	72	3	8	4	26	7	11	3	3	3	5	28
Fixed percent of earnings .....	94	71	3	8	4	26	7	11	3	3	2	5	23
Less than 50 .....	1	-	-	-	-	-	-	-	-	-	-	-	1
50 .....	33	26	1	2	-	14	2	2	2	1	-	2	7
55 .....	1	1	-	-	-	(1)	(1)	-	(1)	(1)	-	-	-
60 .....	28	22	1	5	4	1	2	7	(1)	1	1	2	6
62 .....	(1)	(1)	-	-	-	-	(1)	-	-	-	-	-	-
65 .....	2	(1)	-	-	-	(1)	-	-	-	(1)	-	-	2
67 .....	21	18	(1)	1	(1)	10	2	(1)	1	1	1	1	3
70 .....	4	3	-	-	(1)	1	-	1	-	(1)	(1)	(1)	1
75 .....	3	1	-	-	-	-	-	(1)	-	-	-	1	2
80 .....	1	-	-	-	-	-	-	-	-	-	-	-	1
Percent of earnings varies .....	6	1	-	-	-	-	-	(1)	-	-	(1)	-	5

<sup>1</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 22. Sickness and accident insurance: Percent of full-time participants by length-of-service requirements for participation,<sup>1</sup> medium and large firms, 1985**

Length-of-service requirement	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With service requirement .....	79	67	75	82
1 month .....	24	29	26	22
2 months .....	9	4	6	11
3 months .....	26	21	26	26
4-5 months .....	10	5	5	12
6 months .....	5	5	6	5
1 year .....	4	3	4	5
Over 1 year .....	1	1	2	( <sup>2</sup> )
Without service requirement .....	21	33	24	18
Service requirement not determinable .....	( <sup>2</sup> )	-	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement. Minimum age requirements are rare.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 23. Long-term disability insurance: Percent of full-time participants by method of determining payment, medium and large firms, 1985**

Method	All participants			Professional and administrative participants			Technical and clerical participants			Production participants		
	Total	With maximum coverage provisions <sup>1</sup>	Without maximum coverage provisions	Total	With maximum coverage provisions <sup>1</sup>	Without maximum coverage provisions	Total	With maximum coverage provisions <sup>1</sup>	Without maximum coverage provisions	Total	With maximum coverage provisions <sup>1</sup>	Without maximum coverage provisions
All methods .....	100	68	32	100	69	31	100	75	25	100	61	39
Fixed percent of earnings .....	74	58	16	81	60	21	80	65	16	59	48	11
Less than 50 percent .....	1	1	( <sup>2</sup> )	1	1	( <sup>2</sup> )	1	1	-	1	1	-
50 percent .....	22	18	4	20	13	7	20	18	2	26	23	3
55 percent .....	1	1	( <sup>2</sup> )	1	1	( <sup>2</sup> )	1	1	( <sup>2</sup> )	1	1	( <sup>2</sup> )
60 percent .....	38	29	10	47	35	12	44	34	10	24	17	7
65 or 67 percent .....	10	8	2	11	9	2	12	10	2	7	6	1
70 percent or more .....	2	1	1	2	2	1	3	2	1	1	1	( <sup>2</sup> )
Percent varies by earnings .....	10	6	4	11	6	5	13	9	5	7	5	2
Percent varies by service .....	1	1	( <sup>2</sup> )	1	( <sup>2</sup> )	( <sup>2</sup> )	1	( <sup>2</sup> )	1	1	1	-
Scheduled dollar amount varies by earnings .....	10	2	8	1	1	( <sup>2</sup> )	2	1	1	27	3	24
Other <sup>3</sup> .....	5	2	3	6	1	5	3	( <sup>2</sup> )	3	5	3	2

<sup>1</sup> Includes dollar maximums in plans that pay a percent of earnings, ceilings on income during disability that limit the amount payable from the LTD plans plus other income, or a combination of both.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Includes flat dollar amounts and scheduled percent of earnings

varying by length of disability.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 24. Long-term disability insurance: Percent of full-time participants by duration of benefits, medium and large firms, 1985**

Duration of benefits	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	99	100
Until a specified age <sup>1</sup> .....	21	21	22	20
Under age 65 .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-
Age 65 .....	18	18	19	18
Age 70 .....	3	3	3	3
Duration of benefit varies .....	73	72	73	74
By length of service .....	1	1	1	1
By age at time of disability <sup>3</sup> .....	72	71	72	73
Single reduction .....	34	31	31	41
Gradual reduction .....	38	40	40	33
Other <sup>4</sup> .....	6	6	5	5

<sup>1</sup> The age may be directly specified or the designated retirement age.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Under the Age Discrimination in Employment Act, age-based reductions in employee benefit plans are permissible when justified by significant cost considerations. The duration of benefits may be reduced gradually according to an age schedule or reduced once at a specified age.

<sup>4</sup> Includes benefits lasting for life, for a specified number of months, or until some unspecified retirement age.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 25. Long-term disability insurance: Percent of full-time participants by length-of-service requirements for participation,<sup>1</sup> medium and large firms, 1985**

Length-of-service requirement	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With service requirement .....	69	68	72	66
1 month .....	11	12	9	10
2 months .....	4	3	2	7
3 months .....	16	13	16	18
4-5 months .....	2	1	1	4
6 months .....	12	11	12	13
1 year .....	15	18	19	8
2 years .....	1	2	2	( <sup>2</sup> )
3 years .....	2	1	3	1
Over 3 years .....	6	7	7	4
Without service requirement .....	31	32	28	34

<sup>1</sup> Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

# Chapter 4. Health and Life Insurance

Along with paid holidays and paid vacations, health and life insurance are the most widespread employee benefits in medium and large firms. Both benefits were provided to 96 percent of all employees, and the extent of coverage was nearly identical within each of the three occupational groups.

## Health insurance

Virtually all of the participants in health insurance plans were covered for the major categories of medical care, such as hospital room and board, care by physicians and surgeons, diagnostic X-ray and laboratory work, prescription drugs, and private duty nursing (table 26). Among benefits less commonly provided were vision care (covering 35 percent of the participants), hearing care (17 percent), and routine physical exams (13 percent). Unlike most other employee benefits, there were few differences in health insurance provisions among employee groups.

The various categories of medical care are covered under 1 of 3 benefit arrangements: Basic benefits only, major medical benefits only, or basic benefits plus major medical. Basic benefit plans cover a specific medical service (such as hospitalization) and generally do not require deductible or coinsurance payments by insured individuals.<sup>5</sup> Conversely, major medical plans cover many categories of care and usually have both deductible and coinsurance features. In-hospital care was most commonly covered by an arrangement that offered basic coverage plus supplemental major medical coverage. Certain categories of medical care, such as private duty nursing, visits to a physician's office, and prescription drugs, usually were covered only as major medical benefits. Dental and vision care were almost exclusively covered as basic benefits. Regardless of the benefit arrangement used, most health plans limited the size of benefit payments.

A majority of the participants were in health plans extending coverage into retirement.<sup>6</sup>

<sup>5</sup>The deductible is a specified amount of medical expense that an insured person must pay before benefits will be paid by the plan. Coinsurance is a provision where both the (insured) participant and the insurer share, in a specified ratio, the health care expenses resulting from an illness or injury. The coinsurance percentage is the share paid by the plan (insurer).

<sup>6</sup>The survey included fully retiree-paid coverage for the first time in 1985.

Provision	Occupational group			Production
	All	Professional and administrative	Technical and clerical	
Total .....	100	100	100	100
With retiree coverage .....	73	77	77	69
Without retiree coverage .....	24	20	20	28
Provision not determinable ..	3	3	3	3

These plans nearly always covered retirees up to age 65, and generally provided the same benefits given to active employees (table 27). In over nine-tenths of the cases, retirees remained insured after 65. Again there was commonly no change in benefit levels, apart from coordination with Medicare.

Regardless of the retiree's age, premiums for retiree insurance were fully company-paid in plans covering nearly three-fifths of covered participants; but for one-tenth, protection continued only if the retiree paid the full cost. For one-third of the participants in plans covering retirees under age 65 and one-quarter in plans covering retirees age 65 and older, the company shared the costs with the retirees.

*Hospital coverage (table 28).* The most costly component of health care is that provided by a hospital. Nearly one-half of all personal health care expenditures in the United States are for hospital care.<sup>7</sup> Virtually all of the participants in health plans analyzed in this study received coverage for hospital expenses.

For most employees, insurance covers all initial hospital room expenses; however, a growing minority must pay part of the first-dollar costs. The percent of health plan participants with only major medical coverage increased to 33 percent in 1985, from 28 percent in 1984 and 19 percent in 1983. These employees typically must pay both an initial deductible and a percentage of subsequent hospital room charges. Of the 66 percent of health insurance participants with basic hospital coverage, 13 percent must pay a specified amount per admission or, in some cases, pay for the first day of confinement.

<sup>7</sup>Ross H. Arnett III, David R. McKusick, Sally T. Sonnefeld, and Carol S. Cowell, "Projections of Health Care Spending to 1990," *Health Care Financing Review*, Spring 1986, pp. 1-36.

Of those that received basic hospital coverage, 95 percent were in plans that paid room and board expenses up to the semiprivate rate, providing some protection against rising hospital charges. Eighty-five percent of the participants in basic hospital plans had ceilings on the duration of coverage. Two-thirds had plans which specified the maximum number of days covered per confinement, most commonly 120 or 365 days. Most of the remaining plans limited the duration of coverage by specifying a maximum dollar amount per admission or per year.<sup>8</sup> Additional coverage was usually available under a major medical plan for cases that exceeded these limitations.

*Surgical coverage (table 29).* Seventy percent of health plan participants had basic coverage for surgery in 1985. Three-fourths of these participants had plans with payments based on the "usual, customary, and reasonable" charge for the procedure performed, up from 69 percent in 1984. Although most of these plans paid 100 percent of such charges, 16 percent of the participants were in plans that paid between 80 and 95 percent or imposed an overall dollar limit on surgical payments. The remaining quarter of participants with basic surgical benefits were covered by a schedule of payments, listing the maximum amount payable for each operation. Charges in excess of the scheduled amount were usually covered by a major medical plan.

*Major medical coverage (tables 30-32).* Major medical benefits, provided to nearly nine-tenths of the health insurance participants, generally covered a wide range of medical services both in and out of the hospital. There are two types of major medical plans: One supplements basic benefits either by covering expenses which exceed basic benefit limitations or by covering expenses not paid by the basic plan; the other is comprehensive and stands alone without basic plan coverage. Comprehensive major medical policies have been embraced by employers seeking to contain costs of providing health care, because they may eliminate first-dollar coverage.<sup>9</sup>

With very few exceptions, major medical benefits are not paid until the participants have paid a deductible. The purpose of this deductible is to keep the premium

<sup>8</sup>This limitation is commonly found in comprehensive major medical plans. These plans usually cover hospital expenses in full up to a specified dollar amount per confinement (typically between \$2,000 and \$5,000) and 80 percent thereafter. For this study, the full-coverage portion was treated as a basic benefit and the 80-percent portion as major medical.

<sup>9</sup>Comprehensive major medical plans can be broken down into strict and modified varieties. All expenses covered are subject to the deductible and coinsurance provisions under the strict version, whereas the modified version might cover hospital, or hospital and surgical, expenses in full up to a specified dollar amount without the application of a deductible. (Also, see footnote 8.)

cost down and discourage unnecessary use of medical services. A deductible amount of \$100 has been the most common since the survey's inception in 1979, applying to nearly half of all plan participants. However, 29 percent were required to pay deductibles of \$150 or more in 1985, up from 21 percent in 1984 and 12 percent in 1983 (chart 1). Higher amounts were less prevalent for blue-collar workers than for white-collar workers.

Once the worker meets the deductible requirement, the plan pays a specified percentage (coinsurance) of incurred expenses. Almost seven-eighths of the participants were in plans that paid 80 percent of expenses, with the remaining 20 percent to be paid by the worker. For over three-fourths of the participants, however, the percentage paid by the plan increased to 100 percent after a specified level of expenses was incurred during a year. For example, a plan might pay 80 percent of the first \$5,000 of covered expenses and 100 percent thereafter, thus limiting the employee's "out-of-pocket" cost to \$1,000 (in addition to the deductible). Incidence of this protection has increased each year since 1979, when less than one-half of the major medical participants were covered.<sup>10</sup>

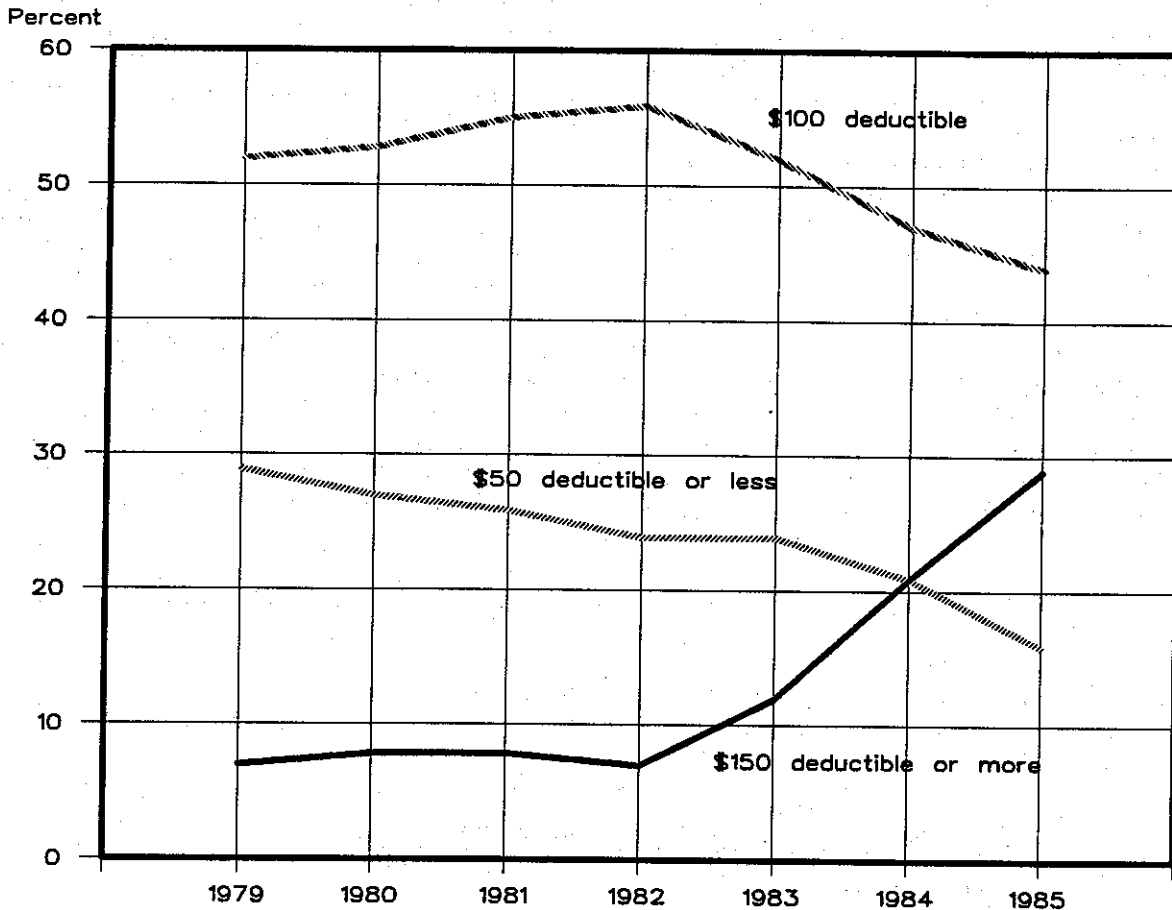
Benefits for 82 percent of major medical participants were subject to a ceiling on the amount payable by the plan, usually a lifetime maximum. In 1985, the most common limitation was \$1 million; \$250,000 had been the most prevalent limit in previous years. The average lifetime maximum was \$530,000—an increase of nearly \$200,000 since 1982.

*Dental coverage (tables 33-36).* Over three-fourths of the participants in health insurance plans received coverage for dental expenses, about the same as in 1984. This ended a period of strong growth in dental care; in 1979, one-half received coverage. Nearly all dental plans covered a wide range of services including examinations, X-rays, and restorative procedures such as fillings, periodontal care, and inlays. Plans covering orthodontic expenses, at least for dependent children, covered 73 percent of employees with dental benefits in 1985.

Dental payments were most commonly based on a percentage of the usual, customary, and reasonable charge for a procedure. The percentage covered by a plan generally depended on the type of procedure performed. Less costly procedures such as examinations and X-rays were usually covered at 80 or 100 percent. Fillings, surgery, and periodontal care were most likely to be covered at 80 percent. More expensive procedures—inlays, crowns, and orthodontia—were often

<sup>10</sup>Trends in major medical benefits are examined by Douglas Hedger and Donald Schmitt in "Trends in Major Medical Coverage During a Period of Rising Costs," *Monthly Labor Review*, July 1983, pp. 11-16.

**Chart 1. Trends in selected deductible amount: Percent of full-time participants in major medical plans, medium and large firms, 1979-85**



provided at 50 percent of the usual, customary, and reasonable charge.

About one-fifth of the dental plan participants were offered reimbursement based on a schedule of cash allowances. In this type of arrangement, each procedure is subject to a specified maximum dollar amount that can be paid to the participant. Preventive procedures were less likely to be subject to this type of schedule than restorative procedures.

Two percent of dental plan participants had services covered by an incentive schedule. Under this arrangement, the percentage of dental expenses paid by the plan increases each year if the participant is examined regularly by a dentist.

Unlike other basic health benefits, dental plans typically required participants to pay a specified deductible amount before the plan paid any benefits. The most common requirement was a \$25 or \$50 deductible to be met by the participant each year. However, some plans required the participant to pay a deductible (usually \$50) only once while a member of the plan rather than every year. White-collar workers were more likely

than blue-collar workers to have plans with deductible requirements.

Ninety percent of dental plan participants were enrolled in plans that limited the amount of payment each year by specifying a yearly maximum benefit. Although many plans have raised their limits since 1980, there was little change between 1984 and 1985. In both years, the most common limit was \$1,000. Orthodontic services were almost always subject to lifetime maximums, which have increased since first tabulated in 1980. Lifetime maximums of \$1,000 or more for orthodontia applied to 44 percent of participants in dental plans providing this benefit in 1985, up from 17 percent in 1980.

*Mental health coverage (table 37).* In 1985, of the participants in plans with mental health benefits, 57 percent had more restrictive hospital coverage for mental illnesses than for physical ailments, up from 52 percent in 1984 and 46 percent in 1983. These plans usually reduced the duration of the hospital stay (often 30 days for mental health care in basic hospital benefits, compared to 120 or 365 days for other illnesses) or imposed



a separate maximum on covered hospital expenses (such as a lifetime maximum of \$25,000 on mental health benefits). Even more restrictive was coverage for mental health care outside the hospital (psychiatric office visits). Outpatient mental health care was usually covered in the major medical portion of a plan, where: (1) ceilings were often placed on the amounts payable for each visit and/or each year, and (2) the coinsurance rate for nonhospital treatment was often 50 percent, compared to 80 percent for physical illnesses. Also, limits on annual out-of-pocket major medical expenses usually did not apply to outpatient mental health care.

*Other health benefits (tables 38-39).* The incidence of alcohol and drug abuse provisions increased sharply for the second consecutive year. The percent of participants covered for alcoholism treatment grew from 61 to 68 percent between 1984 and 1985, and for drug abuse treatment, from 52 to 61 percent (chart 2).

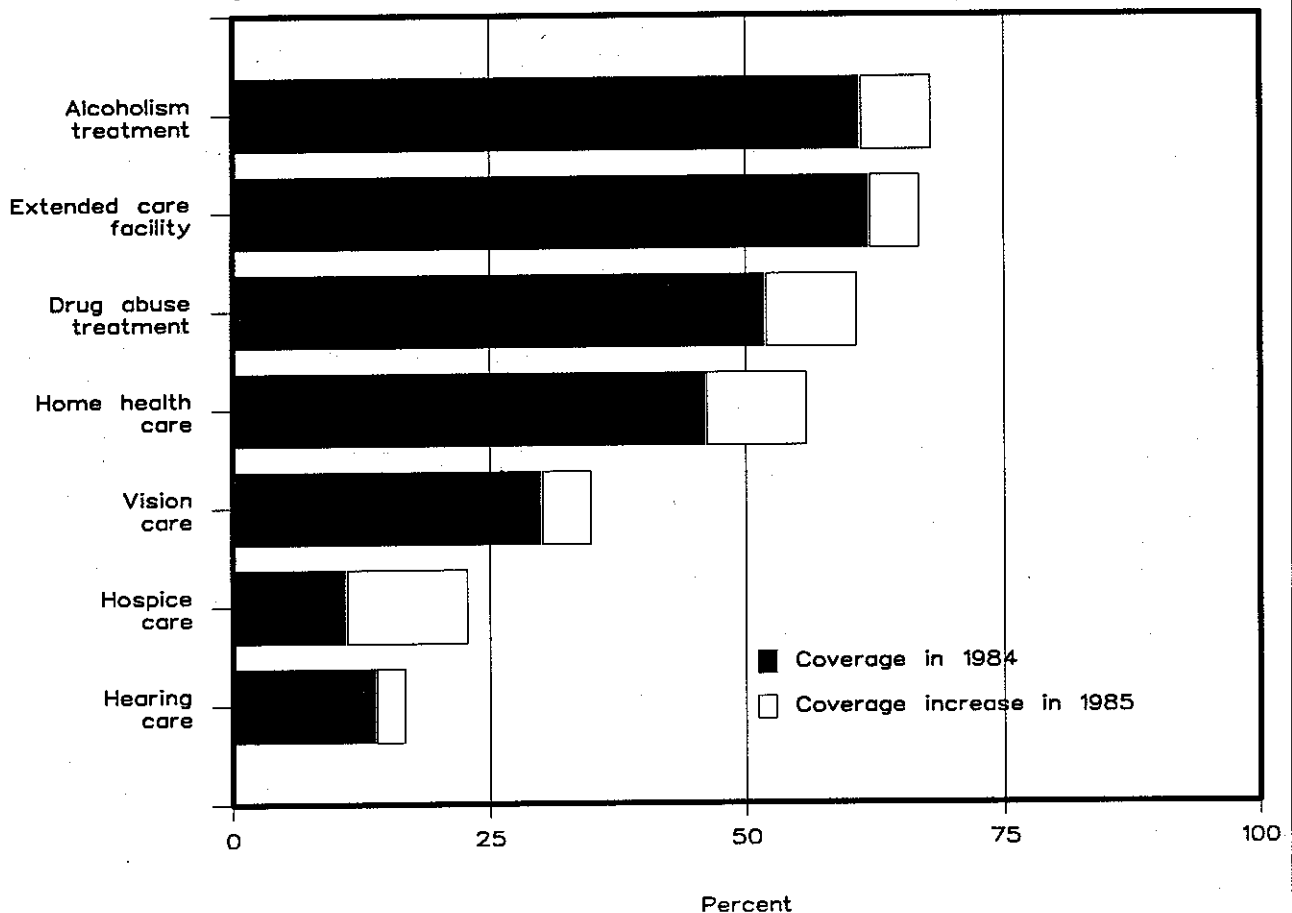
Thirty-five percent of health insurance participants

were covered for vision care expenses in 1985, up from 30 percent in 1984 and 18 percent in 1979. Although gains were made in all 3 occupational groups, plans for blue-collar workers were typically more comprehensive than those for white-collar workers.

Hearing care was available to 17 percent of participants in 1985, up from 14 percent in 1984, and 10 percent in 1983.

*Cost containment (table 40).* In line with efforts to contain costs of health care, an increasing number of plans provided less expensive alternatives to a hospital stay. Coverage for treatment in extended care facilities increased from 62 percent of plan participants in 1984 to 67 percent in 1985; coverage for home health care rose from 46 percent to 56 percent; and availability of coverage for hospice care rose from 11 percent to 23 percent. Lengths of hospital admissions were decreased by provisions for prehospitalization testing, which covered nearly half of the participants. Other cost containment

**Chart 2. Coverage for selected types of medical care: Percent of full-time participants in health insurance plans, medium and large firms, 1984 and 1985**



measures, first studied in 1985, encouraged outpatient surgery as an alternative to inpatient surgery. Coverage for treatment at ambulatory surgical centers was provided to 39 percent of the participants. One-fourth of the participants received higher reimbursements or paid lower deductible amounts for certain surgical procedures performed on an outpatient basis.

Second surgical opinions were paid for under plans covering half the health insurance participants in 1985, double the percentage when first analyzed only 3 years earlier. For 1 in 2 of these cases, incentives were included for obtaining an additional surgeon's opinion—plan payments for many types of surgery were either lower or not made at all if the second opinion was not obtained.

Other cost containment provisions, such as offering higher reimbursement for generic prescription drugs and discouraging nonemergency weekend hospital admissions, were less common.

*Employee contributions (table 41).* The percent of employees whose health insurance premiums are wholly paid by their employers remained nearly stable in 1985. Sixty-one percent of workers had employee coverage wholly financed by their employers in 1985, about the same as in 1984. Forty-two percent also could receive fully employer-paid coverage for their dependents, the first time this proportion has not fallen since first tabulated in 1980.

Exact data on the amount of an employee's contributions for health benefits sometimes were not available because payroll deductions applied to an insurance policy covering both health insurance and one or more other benefits. However, where the amount was reported, employee premiums for single and family coverage averaged approximately \$12 and \$38 a month, respectively—nearly unchanged from 1984 (chart 3). Employee premiums were somewhat lower for production participants than for the other two groups. In some instances, included in the calculation of average employee premiums, employees contributed only for a supplemental plan, such as an optional dental plan financed jointly by employer and employees.

*Participation requirements (table 42).* Fifty-four percent of participants were required to complete minimum length-of-service periods before joining a health plan. These service requirements usually were periods of 1, 2, or 3 months. The incidence of service requirements varied markedly among the employee groups. While nearly three-fifths of professional-administrative employees could participate immediately, two-thirds of production workers had some waiting period.

*Funding medium (table 43).* Employers typically arrange for health care coverage through the purchase

of commercial insurance policies or Blue Cross-Blue Shield plans. These arrangements covered, for example, 60 percent of the health insurance participants with basic hospitalization benefits in 1985, and 53 percent of those with major medical benefits.

Self-insured health plans, however, have been growing in importance. In 1985, at least one-fourth of the workers receiving the benefits shown in table 43 (basic hospital, basic surgical, basic medical, major medical, and dental benefits) were under self-insured plans of individual employers or labor-management groups. This proportion has doubled since 1980. Such self-insurance was most prominent as a source of major medical and dental benefits. Employers commonly contract with commercial insurers to protect their self-insured plans against medical claims exceeding a predetermined maximum dollar amount.

About 7 percent of the health insurance participants covered by the survey were enrolled in Health Maintenance Organizations (HMOs). An HMO is a prepaid health care plan that delivers comprehensive medical services to enrolled members for a fixed periodic fee.<sup>11</sup>

#### **Life insurance (tables 44-48)**

Nearly all full-time employees within the scope of the survey participated in life insurance plans in 1985; almost nine-tenths had the cost of a basic plan paid wholly by the employer. Life insurance coverage has kept pace with earnings since 1979, either through an increase in specified dollar amounts of insurance or through increased maximums in formulas linked to earnings.

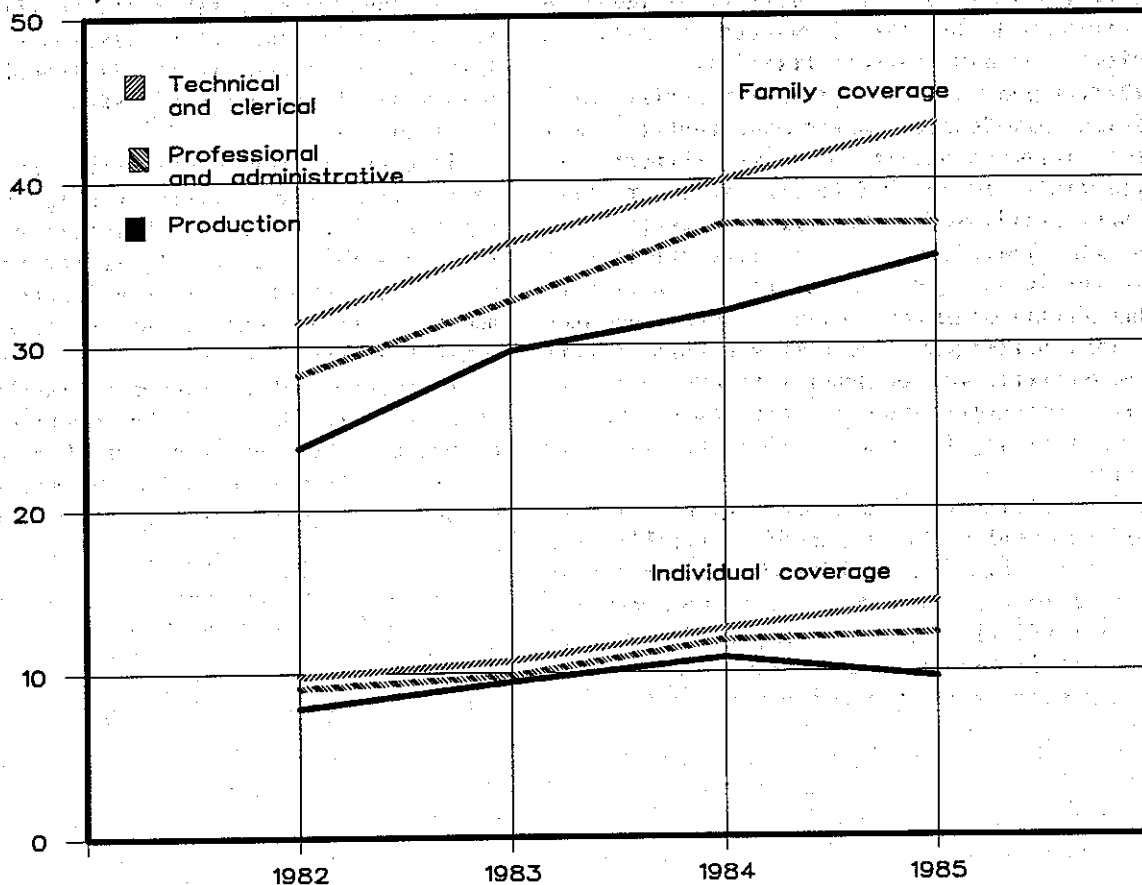
Basic coverage for two-thirds of all life insurance participants was based on their earnings, enabling the level of protection to automatically increase with a rise in pay. Earnings-based formulas were much more prevalent among white-collar workers (82 percent) than among blue-collar workers (48 percent). The most common method of tying life insurance protection to earnings was to multiply the employee's annual earnings by a factor of 1 or 2 and round the product to the next \$1,000. For example, an employee earning \$22,700 would receive \$46,000 of coverage under a plan providing two times earnings (\$22,700 times 2 equals \$45,400, which is rounded up to \$46,000).

Nearly one-half of all employees in multiple-of-earnings plans had insurance equal to annual earnings. One-third had coverage equal to twice annual earnings. Professional-administrative participants had the highest coverage, with plans commonly providing multiples of two or more times their earnings. Multiple-of-earnings formulas tended to be higher when employee contribu-

<sup>11</sup> HMO plans and plans provided through the more traditional health insurers are compared by Allan Blostin and William Marclay in "HMOs and Other Health Plans: Coverage and Employee Premiums," *Monthly Labor Review*, June 1983, pp. 28-33.

**Chart 3. Average employee contributions for health insurance, medium and large firms, 1982-85**

Monthly contribution  
(in dollars)



tions were required, typically providing insurance at two or more times earnings.<sup>12</sup>

There was no upper limit on life insurance for more than one-half of participants in multiple-of-earnings plans. Where limits existed, the proportion of employees with maximums under \$100,000 has declined from one-half to one-fifth since 1979; the percent with maximums over \$250,000 has increased correspondingly.

Thirty-one percent of life insurance plan participants had a flat dollar amount of insurance, regardless of earnings. One-half of all production worker participants were covered by a uniform amount, compared with 14 percent of white-collar workers. Uniform amounts for

<sup>12</sup>The employee contribution rate was commonly expressed as a fixed monthly rate for each \$1,000 of insurance. Reported rates varied widely from 7 cents to 99 cents per \$1,000, and in some plans applied only to amounts of basic scheduled insurance in excess of a free portion (for example, the first \$5,000 of coverage). Data were not available for one-third of contributory plan participants, however, because payroll deductions sometimes applied to an insurance policy covering life insurance and one or more other benefit areas.

production workers averaged \$10,000, slightly higher than the average for the other two groups. While usually providing much smaller amounts of insurance than earnings-based formulas, flat amount coverage has improved. Participants in plans providing benefits of less than \$5,000 decreased from 29 percent in 1981 to 13 percent in 1985; most of the offsetting increase was in amounts of \$15,000 or more, which, during the same period, grew in incidence from 7 to 18 percent of workers insured by flat amounts.

If a participant became totally disabled, life insurance in nearly all plans was continued, either for life or until age 65. To qualify under disability provisions, the employee was usually required to be under a specified age (commonly age 60) at the time of disability. For a few plans, the amount of coverage was payable to the disabled employee in lump-sum or installment form.

Almost three-fourths of all life insurance participants had additional insurance coverage if accidental death or dismemberment occurred. The amount of insurance was usually doubled in the case of accidental death.

In addition to basic coverage, some employers offered their workers supplemental life insurance that was at least partially employer financed. The typical supplemental plan provided insurance in multiples of 1 to 3 times annual earnings. Only 6 percent of the employees, ranging from 9 percent of professional-administrative workers to less than 3 percent of production workers, were participants in these plans.

Thirteen percent of participants were in plans which provided monthly income to surviving family members, nearly always in addition to life insurance benefits. Surveyed for the first time in 1985, survivor income benefits were usually paid to the spouse, but sometimes either to the spouse, children, or parents of the deceased employee. Benefits generally consisted of either a flat dollar amount or percent of employee earnings, payable for a limited period, such as 24 months. In some plans, payments were designed to bridge the gap between the employee's death and the spouse's remarrying or qualifying for other benefits, such as Social Security.

Life insurance on workers' spouses and unmarried dependent children also is sometimes available. One-fifth of life insurance participants had employer-financed dependent coverage in 1985; in most cases, the employer paid all of the cost. Nearly all plans covered dependent children as well as spouses. The most common coverage for death of either a spouse or a child

was a flat amount of \$1,000. Higher amounts, however, were available more often for spouses than for children: Spouse coverage of \$2,000 or more applied to one-half of the participants with dependent life insurance, but similar coverage for a child applied to only one-fifth of these workers. Instead of a flat amount, coverage for a child sometimes increased at specified ages: For example, no coverage until 14 days old, then \$250 until 6 months, followed by \$500 up to a year, and \$1,000 thereafter.

Minimum length-of-service requirements for participation were found in plans covering 53 percent of workers with life insurance. The incidence of these provisions has decreased gradually each year from 61 percent in 1981. As is the case for health and sickness and accident insurance, service requirements are generally 3 months or less.

For 62 percent of all participants, basic life insurance continued after retirement. The preretirement amount of insurance, however, was reduced in nearly all instances.<sup>13</sup> Other forms of life insurance—accidental death and dismemberment, supplemental, and dependent coverage—were seldom available after retirement.

<sup>13</sup> For one-half of the participants, coverage is reduced if they continue working beyond retirement age. However, the reduction in the amount of coverage is usually not as severe as for retirees. For details, see Michael A. Miller, "Age-related Reductions in Workers' Life Insurance," *Monthly Labor Review*, September 1985, pp. 29-34.

**Table 26. Health insurance: Percent of full-time participants by coverage for selected categories of medical care, medium and large firms, 1985**

Category of medical care	Total	Care provided				Care not provided
		All	By basic benefits only <sup>1</sup>	By major medical only <sup>2</sup>	By basic benefits and major medical	
<b>All participants</b>						
Hospital room and board .....	100	99	19	33	47	1
Hospitalization—miscellaneous services .....	100	99	19	34	47	1
Outpatient care <sup>3</sup> .....	100	99	16	29	54	1
Extended care facility <sup>4</sup> .....	100	67	26	29	12	33
Home health care <sup>4</sup> .....	100	56	27	20	9	44
Surgical .....	100	99	33	29	37	1
Physician visits—in hospital .....	100	99	15	52	32	1
Physician visits—office .....	100	95	9	80	6	5
Diagnostic X-ray and laboratory <sup>5</sup> .....	100	99	25	45	29	1
Prescription drugs—nonhospital .....	100	98	20	75	3	2
Private-duty nursing .....	100	94	8	85	1	6
Mental health care .....	100	99	14	32	53	1
Dental .....	100	76	72	4	-	24
Vision .....	100	35	28	6	( <sup>6</sup> )	65
<b>Professional and administrative</b>						
Hospital room and board .....	100	99	20	38	42	1
Hospitalization—miscellaneous services .....	100	99	19	39	41	1
Outpatient care <sup>3</sup> .....	100	99	13	33	54	1
Extended care facility <sup>4</sup> .....	100	69	25	31	12	31
Home health care <sup>4</sup> .....	100	59	27	21	10	41
Surgical .....	100	99	33	35	32	1
Physician visits—in hospital .....	100	99	14	60	25	1
Physician visits—office .....	100	99	11	85	3	1
Diagnostic X-ray and laboratory <sup>5</sup> .....	100	99	24	52	23	1
Prescription drugs—nonhospital .....	100	98	18	76	3	2
Private-duty nursing .....	100	99	10	87	1	1
Mental health care .....	100	99	12	37	50	1
Dental .....	100	79	74	5	-	21
Vision .....	100	32	25	7	( <sup>6</sup> )	68
<b>Technical and clerical</b>						
Hospital room and board .....	100	99	19	37	43	1
Hospitalization—miscellaneous services .....	100	99	18	38	43	1
Outpatient care <sup>3</sup> .....	100	99	14	34	51	1
Extended care facility <sup>4</sup> .....	100	67	22	33	12	33
Home health care <sup>4</sup> .....	100	57	25	22	10	43
Surgical .....	100	99	33	35	31	1
Physician visits—in hospital .....	100	99	15	57	28	1
Physician visits—office .....	100	99	11	84	4	1
Diagnostic X-ray and laboratory <sup>5</sup> .....	100	99	25	50	25	1
Prescription drugs—nonhospital .....	100	97	17	77	3	3
Private-duty nursing .....	100	98	10	87	1	2
Mental health care .....	100	99	12	37	50	1
Dental .....	100	76	71	5	-	24
Vision .....	100	33	25	8	( <sup>6</sup> )	67

See footnotes at end of table.

**Table 26. Health insurance: Percent of full-time participants by coverage for selected categories of medical care, medium and large firms, 1985—Continued**

Category of medical care	Total	Care provided				Care not provided
		All	By basic benefits only <sup>1</sup>	By major medical only <sup>2</sup>	By basic benefits and major medical	
<b>Production</b>						
Hospital room and board .....	100	99	20	28	52	1
Hospitalization—miscellaneous services .....	100	99	20	28	51	1
Outpatient care <sup>3</sup> .....	100	99	18	25	56	1
Extended care facility <sup>4</sup> .....	100	65	28	26	11	35
Home health care <sup>4</sup> .....	100	54	28	19	8	46
Surgical .....	100	99	33	24	42	1
Physician visits—in hospital .....	100	99	16	46	37	1
Physician visits—office .....	100	91	7	75	9	9
Diagnostic X-ray and laboratory <sup>5</sup> .....	100	99	26	38	34	1
Prescription drugs—nonhospital .....	100	98	22	73	3	2
Private-duty nursing .....	100	90	6	83	1	10
Mental health care .....	100	99	16	27	56	1
Dental .....	100	73	71	3	-	27
Vision .....	100	37	32	5	( <sup>6</sup> )	63

<sup>1</sup> A provision was classified as a basic benefit when it related to the initial expenses incurred for a specific medical service. Under these provisions, a plan paid covered expenses in one of several ways: (1) in full with no limitation; (2) in full for a specified period of time, or until a dollar limit was reached; or (3) a cash scheduled allowance benefit that provided up to a dollar amount for a service performed by a hospital or physician. For a specific category of care, a plan may require the participant to pay a specific amount each disability or year (deductible) or a nominal charge each visit or procedure (copayment) before reimbursement begins or services are rendered.

<sup>2</sup> Major medical benefits cover many categories of expenses, some of which are not covered under basic benefits, and others for which basic coverage limits have been exhausted. These benefits are characterized by deductible and coinsurance provisions that are applied across

categories of care.

<sup>3</sup> Coverage for any of the following services charged by the outpatient department of the hospital: Treatment for accidental injury or emergency sickness; surgical procedures; rehabilitative or physical therapy; and treatment for chronic illness (radiation therapy, etc.).

<sup>4</sup> Some plans provide this care only to a patient who was previously hospitalized and is recovering without need of the extensive care provided by a general hospital.

<sup>5</sup> Charges incurred in the outpatient department of a hospital and outside of the hospital.

<sup>6</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 27. Health insurance: Percent of full-time participants in plans with coverage after retirement by benefit provisions and age of retiree, medium and large firms, 1985**

Benefit provision	All participants		Professional and administrative participants		Technical and clerical participants		Production participants	
	Retiree under 65	Retiree 65 and over	Retiree under 65	Retiree 65 and over	Retiree under 65	Retiree 65 and over	Retiree under 65	Retiree 65 and over
Total .....	100	100	100	100	100	100	100	100
With retiree coverage <sup>1</sup> .....	99	91	100	95	99	94	100	88
<b>Effect of retirement on benefit level</b>								
No change in coverage <sup>2</sup> .....	81	73	83	77	82	78	79	67
Reduced coverage .....	15	16	13	15	11	13	18	18
Increased coverage .....	1	1	( <sup>3</sup> )	( <sup>3</sup> )	2	1	( <sup>3</sup> )	1
Not determinable .....	3	3	3	3	3	2	3	2
<b>Retiree share of cost</b>								
Full cost .....	10	10	9	10	9	10	11	10
Partial cost .....	31	23	34	25	35	25	26	21
No cost .....	55	54	51	55	51	55	59	53
Not determinable .....	4	4	5	5	5	5	3	3
Without retiree coverage <sup>4</sup> .....	1	9	( <sup>3</sup> )	5	1	6	( <sup>3</sup> )	12

<sup>1</sup> Includes plans in which insurance was continued for one month or longer after retirement. This table is limited to participants in plans with group insurance for retirees. It excludes plans which provide only retiree's share of premium for medical insurance under Medicare (Part B).

<sup>2</sup> For retirees eligible for Medicare, benefits may be calculated and reduced by the extent to which covered expenses are reimbursed by the

Federal program.

<sup>3</sup> Less than 0.5 percent.

<sup>4</sup> Retiree coverage was provided to one age group but not the other.

NOTE: Because of rounding, sums of individual items may not equal totals.

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**Table 28. Health insurance: Percent of full-time participants in plans with basic hospital room and board coverage by type of benefit payments and limits to coverage, medium and large firms, 1985**

Type of payment	Total	Subject to limit on days of coverage per hospital confinement <sup>1</sup>						Subject to other limits <sup>2</sup>	Unlimited
		All	Under 120 days	120 days	121 - 364 days	365 days	366 days or more		
<b>All participants</b>									
Total .....	100	66	9	18	4	31	4	19	15
Daily dollar allowance .....	5	4	2	( <sup>0</sup> )	( <sup>0</sup> )	1	( <sup>0</sup> )	1	-
Less than \$50 .....	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	-	-	( <sup>0</sup> )	-
\$50-\$99 .....	2	2	1	-	-	( <sup>0</sup> )	-	( <sup>0</sup> )	-
\$100-\$149 .....	1	1	1	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-
\$150-\$199 .....	1	1	( <sup>0</sup> )	-	-	1	-	( <sup>0</sup> )	-
\$200 or more .....	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )	-
Semiprivate rate .....	95	62	6	17	4	30	4	18	15
<b>Professional and administrative</b>									
Total .....	100	56	6	17	4	26	3	23	21
Daily dollar allowance .....	3	3	1	( <sup>0</sup> )	( <sup>0</sup> )	2	-	( <sup>0</sup> )	-
Less than \$50 .....	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	-	-	( <sup>0</sup> )	-
\$50-\$99 .....	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	-	-	( <sup>0</sup> )	-
\$100-\$149 .....	1	1	( <sup>0</sup> )	( <sup>0</sup> )	-	( <sup>0</sup> )	-	( <sup>0</sup> )	-
\$150-\$199 .....	1	1	-	-	-	1	-	( <sup>0</sup> )	-
\$200 or more .....	( <sup>0</sup> )	( <sup>0</sup> )	-	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )	-
Semiprivate rate .....	97	53	5	17	3	25	3	23	21
<b>Technical and clerical</b>									
Total .....	100	60	7	20	6	24	2	20	20
Daily dollar allowance .....	2	2	1	( <sup>0</sup> )	( <sup>0</sup> )	1	( <sup>0</sup> )	( <sup>0</sup> )	-
Less than \$50 .....	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	-	-	( <sup>0</sup> )	-
\$50-\$99 .....	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	-	-	( <sup>0</sup> )	-
\$100-\$149 .....	1	1	( <sup>0</sup> )	( <sup>0</sup> )	-	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-
\$150-\$199 .....	1	1	-	-	-	1	-	( <sup>0</sup> )	-
\$200 or more .....	( <sup>0</sup> )	( <sup>0</sup> )	-	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )	-
Semiprivate rate .....	98	57	6	20	6	23	2	20	20
<b>Production</b>									
Total .....	100	74	11	17	4	37	5	16	11
Daily dollar allowance .....	8	6	4	1	( <sup>0</sup> )	1	( <sup>0</sup> )	2	-
Less than \$50 .....	1	( <sup>0</sup> )	( <sup>0</sup> )	-	-	-	-	( <sup>0</sup> )	-
\$50-\$99 .....	3	3	2	-	-	1	-	1	-
\$100-\$149 .....	2	2	1	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-
\$150-\$199 .....	1	1	( <sup>0</sup> )	-	-	1	-	( <sup>0</sup> )	-
\$200 or more .....	1	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )	-
Semiprivate rate .....	92	68	7	16	4	36	5	14	11

<sup>1</sup> In some plans, the limit on days of coverage varied by length of participation in the plan; in these cases, the participant was assumed to have been in the plan for 15 years.

<sup>2</sup> Includes workers in plans where the basic benefit is limited by a maximum dollar amount per confinement or per year, and other plans where the limit on the number of days of coverage applies within a

specified time period.

<sup>0</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 29. Health insurance: Percent of full-time participants in plans with basic surgical benefits by maximum allowance for selected procedures, medium and large firms, 1985**

Maximum allowance	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Usual, customary, and reasonable charge .....	75	83	80	69
With overall dollar limit on basic surgical payments .....	5	4	4	5
Without overall dollar limit on basic surgical payments .....	70	79	76	64
Plan pays:				
80 percent .....	2	2	1	2
90 percent .....	1	2	2	( <sup>1</sup> )
95 percent .....	4	4	7	3
100 percent <sup>2</sup> .....	63	70	66	58
Maximum scheduled allowance .....	25	17	20	31
Most expensive surgical procedure:				
\$201-\$300 .....	1	( <sup>1</sup> )	( <sup>1</sup> )	1
\$301-\$400 .....	1	( <sup>1</sup> )	( <sup>1</sup> )	1
\$401-\$500 .....	2	1	2	3
\$501-\$750 .....	5	3	2	7
\$751-\$1000 .....	5	3	3	6
\$1001-\$1250 .....	2	2	1	2
\$1251-\$1500 .....	3	2	3	4
\$1501-\$2000 .....	2	3	3	1
\$2001-\$2500 .....	1	1	1	1
\$2501-\$3000 .....	2	1	1	2
More than \$3000 .....	2	1	2	2
Not determinable <sup>3</sup> .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Appendectomy:				
\$100 or less .....	( <sup>1</sup> )	-	-	( <sup>1</sup> )
\$101-\$150 .....	1	( <sup>1</sup> )	1	1
\$151-\$200 .....	3	2	2	4
\$201-\$300 .....	8	5	5	10
\$301-\$400 .....	4	4	4	5
\$401-\$500 .....	2	1	1	4
\$501-\$750 .....	5	3	5	6
More than \$750 .....	1	1	( <sup>1</sup> )	1
Not determinable <sup>3</sup> .....	1	( <sup>1</sup> )	2	( <sup>1</sup> )
Tonsillectomy:				
\$50 or less .....	1	( <sup>1</sup> )	1	1
\$51-\$100 .....	10	6	7	13
\$101-\$150 .....	5	5	4	7
\$151-\$200 .....	5	2	4	6
\$201-\$300 .....	3	3	3	3
More than \$300 .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Not determinable <sup>3</sup> .....	1	1	2	1
Hysterectomy:				
\$200 or less .....	( <sup>1</sup> )	-	( <sup>1</sup> )	( <sup>1</sup> )
\$201-\$300 .....	3	2	3	4
\$301-\$400 .....	5	4	4	7
\$401-\$500 .....	3	2	2	4
\$501-\$750 .....	5	5	4	6
\$751-\$1000 .....	4	2	3	6
\$1001-\$1250 .....	1	1	1	1
More than \$1250 .....	1	1	( <sup>1</sup> )	1
Not determinable <sup>3</sup> .....	2	1	2	2

<sup>1</sup> Less than 0.5 percent.

<sup>2</sup> Includes full service benefits provided by Health Maintenance Organizations.

<sup>3</sup> Information necessary to classify was not provided.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.



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**Table 30. Health insurance: Percent of full-time participants in plans with major medical coverage by amount of deductible and applicable benefit period,<sup>1</sup> medium and large firms, 1985**

Amount of deductible <sup>2</sup>	All participants			Professional and administrative participants			Technical and clerical participants			Production participants		
	Benefit period											
	Total	1-year period	Other period	Total	1-year period	Other period	Total	1-year period	Other period	Total	1-year period	Other period
Total .....	100	95	4	100	95	4	100	95	4	100	94	5
Deductible specified .....	99	95	4	99	95	4	99	95	4	99	94	5
Based on earnings <sup>3</sup> .....	5	5	-	5	5	-	6	6	-	4	4	-
Flat dollar amount .....	94	90	4	94	90	4	94	89	4	95	90	5
Less than \$25 .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
\$25 .....	2	1	1	2	1	1	2	1	1	2	1	( <sup>4</sup> )
\$26-\$49 .....	1	1	-	1	1	-	1	1	-	1	1	-
\$50 .....	13	13	( <sup>4</sup> )	13	13	( <sup>4</sup> )	11	11	( <sup>4</sup> )	15	15	( <sup>4</sup> )
\$75 .....	3	3	( <sup>4</sup> )	2	2	( <sup>4</sup> )	2	2	( <sup>4</sup> )	4	4	( <sup>4</sup> )
\$76-\$99 .....	( <sup>4</sup> )	( <sup>4</sup> )	-	1	1	-	1	1	-	( <sup>4</sup> )	( <sup>4</sup> )	-
\$100 .....	44	42	3	41	39	2	41	40	2	48	44	3
\$101-\$124 .....	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	-	-	-	-
\$125 .....	1	1	( <sup>4</sup> )	2	1	( <sup>4</sup> )	2	2	( <sup>4</sup> )	1	1	-
\$126-\$149 .....	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )	-
\$150 .....	12	12	1	13	13	( <sup>4</sup> )	15	14	1	10	9	1
\$151-\$199 .....	( <sup>4</sup> )	( <sup>4</sup> )	-	1	1	-	1	1	-	( <sup>4</sup> )	( <sup>4</sup> )	-
\$200 .....	13	12	1	14	14	1	13	12	1	11	11	( <sup>4</sup> )
\$201-\$249 .....	( <sup>4</sup> )	( <sup>4</sup> )	-	1	1	-	1	1	-	( <sup>4</sup> )	( <sup>4</sup> )	-
\$250 .....	2	2	-	2	2	-	3	3	-	1	1	-
Over \$250 .....	2	2	-	2	2	-	2	2	-	1	1	-
No deductible .....	1	-	-	1	-	-	1	-	-	1	-	-

<sup>1</sup> The deductible is the amount of covered expenses that an individual must pay before any charges are paid by the insurance plan. The benefit period is the length of time within which a single deductible requirement applies. Some plans require that expenses equal to the deductible be incurred within a shorter period, such as 90 days.

<sup>2</sup> Amount of deductible described is for each insured person. However, many plans contain a maximum family deductible. In some plans, the individual and family deductibles are identical.

<sup>3</sup> These plans have deductibles which vary by the amount of the participants' earnings. A typical provision is 1 percent of annual earnings with a maximum deductible of \$150.

<sup>4</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

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**Table 31. Health insurance: Percent of full-time participants in plans with major medical coverage by coinsurance provisions,<sup>1</sup> medium and large firms, 1985**

Final coinsurance provision	All participants					Professional and administrative participants					Technical and clerical participants					Production participants				
	Initial coinsurance																			
	Total	80 percent	85 percent	90 percent	Other	Total	80 percent	85 percent	90 percent	Other	Total	80 percent	85 percent	90 percent	Other	Total	80 percent	85 percent	90 percent	Other
Total .....	100	85	5	4	5	100	84	5	5	5	100	84	4	6	6	100	86	5	3	5
Final coinsurance changes to 100 percent .....	77	66	5	4	2	82	70	5	5	2	83	71	4	5	2	70	60	5	2	3
When covered expenses <sup>2</sup> reach:																				
\$1-\$2,000 .....	11	11	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	11	11	( <sup>0</sup> )	( <sup>0</sup> )	-	10	9	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	12	11	-	( <sup>0</sup> )	( <sup>0</sup> )
\$2,001-\$4,000 .....	20	19	( <sup>0</sup> )	( <sup>0</sup> )	1	24	23	( <sup>0</sup> )	( <sup>0</sup> )	-	24	23	( <sup>0</sup> )	1	( <sup>0</sup> )	16	15	( <sup>0</sup> )	( <sup>0</sup> )	1
\$4,001-\$6,000 .....	25	22	1	1	( <sup>0</sup> )	28	24	2	1	( <sup>0</sup> )	27	24	1	1	1	22	20	1	1	( <sup>0</sup> )
\$6,001-\$8,000 .....	8	4	3	( <sup>0</sup> )	1	8	4	3	( <sup>0</sup> )	1	6	3	2	( <sup>0</sup> )	1	9	5	3	-	1
\$8,001-\$10,000 .....	9	7	( <sup>0</sup> )	1	( <sup>0</sup> )	8	5	( <sup>0</sup> )	2	( <sup>0</sup> )	12	9	( <sup>0</sup> )	3	( <sup>0</sup> )	9	7	1	1	( <sup>0</sup> )
More than \$10,000 .....	3	3	( <sup>0</sup> )	( <sup>0</sup> )	-	4	3	( <sup>0</sup> )	1	-	4	3	1	1	-	3	2	( <sup>0</sup> )	( <sup>0</sup> )	-
Final coinsurance changes to other than 100 percent .....	1	1	-	-	( <sup>0</sup> )	1	1	-	-	( <sup>0</sup> )	1	1	-	-	( <sup>0</sup> )	1	( <sup>0</sup> )	-	-	( <sup>0</sup> )
Coinsurance unchanged .....	22	19	-	1	3	17	13	-	( <sup>0</sup> )	3	16	12	-	( <sup>0</sup> )	3	29	26	-	1	2

<sup>1</sup> Coinsurance is the percent of covered expenses paid by the plan. The balance is paid by the employee. If coinsurance provisions varied by the category of medical care, the provision applying to hospital room and board charges was tabulated.

<sup>2</sup> Amount of covered expenses described is for each insured person. In rare cases, the limits for the individual and family are identical.

cal. In nearly all instances, covered expenses must reach specified amounts within a calendar year; 2 year periods are infrequent.  
<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 32. Health insurance: Percent of full-time participants in plans with major medical coverage by maximum benefit provisions, medium and large firms, 1985**

Type and dollar amount of maximum <sup>1</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With maximum limits <sup>2</sup> .....	82	79	76	88
Lifetime maximum only .....	74	71	69	77
Less than \$25,000 .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
\$25,000 .....	1	( <sup>3</sup> )	( <sup>3</sup> )	1
\$25,001-\$49,999 .....	( <sup>3</sup> )	-	-	1
\$50,000 .....	3	1	1	5
\$50,001-\$99,999 .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
\$100,000 .....	3	2	1	5
\$100,001-\$249,999 .....	5	3	3	7
\$250,000 .....	19	18	16	20
\$250,001-\$499,999 .....	4	4	3	4
\$500,000 .....	15	15	15	15
\$500,001-\$999,999 .....	1	1	1	1
\$1,000,000 .....	22	26	27	17
More than \$1,000,000 .....	( <sup>3</sup> )	1	1	( <sup>3</sup> )
Annual or disability maximum only .....	5	5	5	5
Both lifetime and annual or disability maximums .....	4	3	2	5
Without maximum limits .....	18	21	24	12

<sup>1</sup> Maximum described is for each insured person.

<sup>2</sup> Most plans with a lifetime maximum have a reinstatement clause. By furnishing satisfactory medical evidence of insurability, an employee can apply for restoration of the full lifetime maximum. Regardless of a member's physical condition, however, a typical plan automatically restores up to \$1,000 of the major medical maximum each year.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 33. Health insurance: Percent of full-time participants in plans with dental benefits by extent of coverage for selected procedures, medium and large firms, 1985**

Type of dental procedure	Total	Sched- uled cash allow- ance	Incen- tive sched- ule <sup>1</sup>	Sub- ject to copay- ment <sup>2</sup>	Percent of usual, customary, and reasonable charge										Not cov- ered
					Total	Less than 50	50	60	61-74	75	80	85	90	100 <sup>3</sup>	
<b>All participants</b>															
Examinations .....	100	16	2	(0)	81	-	1	(0)	2	2	22	1	1	54	(0)
Dental X-rays .....	100	16	2	(0)	81	-	1	(0)	2	2	24	3	7	41	(0)
Fillings .....	100	26	3	(0)	71	-	4	1	3	6	41	3	7	7	(0)
Dental surgery .....	100	23	2	(0)	73	-	5	1	3	5	40	3	7	9	1
Periodontal care .....	100	23	2	1	72	-	7	1	3	5	39	4	7	7	2
Inlays .....	100	25	1	(0)	71	-	36	6	2	2	13	2	7	3	2
Crowns .....	100	26	2	1	70	-	36	6	2	2	13	2	7	2	2
Orthodontia .....	100	12	-	1	60	(0)	50	5	1	(0)	2	(0)	(0)	1	27
<b>Professional and administrative</b>															
Examinations .....	100	18	2	(0)	79	-	1	(0)	2	2	22	1	(0)	52	(0)
Dental X-rays .....	100	18	2	(0)	79	-	1	(0)	3	3	25	2	3	43	(0)
Fillings .....	100	27	2	(0)	70	-	4	1	4	5	46	2	3	6	(0)
Dental surgery .....	100	25	2	(0)	72	-	5	1	3	5	44	2	3	9	1
Periodontal care .....	100	25	2	(0)	72	-	6	1	3	4	44	2	3	8	1
Inlays .....	100	27	1	(0)	69	-	39	6	3	3	13	1	2	3	2
Crowns .....	100	27	1	(0)	69	-	39	6	3	3	13	1	2	2	2
Orthodontia .....	100	14	-	1	59	-	51	4	1	(0)	1	(0)	-	1	26
<b>Technical and clerical</b>															
Examinations .....	100	15	2	(0)	82	-	1	(0)	3	1	26	1	(0)	51	1
Dental X-rays .....	100	15	3	(0)	82	-	1	(0)	4	1	29	1	2	43	1
Fillings .....	100	26	3	(0)	70	-	4	1	5	5	46	2	3	6	1
Dental surgery .....	100	24	2	(0)	73	-	5	1	4	4	45	2	3	8	1
Periodontal care .....	100	24	2	1	72	-	8	1	4	4	44	2	3	7	1
Inlays .....	100	26	1	(0)	70	-	43	5	3	1	13	1	2	2	2
Crowns .....	100	26	1	1	70	-	43	5	3	1	13	1	2	2	3
Orthodontia .....	100	13	-	1	55	(0)	49	3	2	(0)	1	(0)	-	1	31
<b>Production</b>															
Examinations .....	100	16	2	(0)	81	-	1	(0)	1	2	19	1	1	56	(0)
Dental X-rays .....	100	16	2	(0)	82	-	1	(0)	2	2	21	4	12	39	(0)
Fillings .....	100	24	3	(0)	73	-	4	1	2	6	35	5	11	7	(0)
Dental surgery .....	100	22	3	(0)	74	-	5	1	2	6	35	5	11	9	1
Periodontal care .....	100	21	3	1	73	-	7	1	2	6	33	5	11	8	2
Inlays .....	100	24	2	(0)	71	-	30	7	2	2	13	4	11	3	2
Crowns .....	100	24	2	1	71	-	30	7	2	2	13	4	11	3	2
Orthodontia .....	100	11	-	1	62	-	51	6	1	(0)	3	(0)	(0)	1	26

<sup>1</sup> Reimbursement arrangement in which the percentage of dental expenses paid by the plan increases if regular dental appointments are scheduled.

<sup>2</sup> Participant pays a specific amount per procedure and plan pays all remaining expenses.

<sup>3</sup> Includes plans which paid the full cost.

<sup>4</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

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**Table 34. Health insurance: Percent of full-time participants in plans with dental benefits by deductible provision,<sup>1</sup> medium and large firms, 1985**

Type of deductible <sup>2</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Subject to basic dental deductible <sup>3</sup> ..	61	64	66	56
Yearly deductible only .....	49	51	51	46
Under \$25 .....	1	1	1	1
\$25 .....	22	23	21	22
\$26-\$49 .....	2	2	2	2
\$50 .....	20	22	23	17
\$51-\$99 .....	2	2	2	1
\$100 .....	2	2	2	2
Over \$100 .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Lifetime deductible only .....	6	6	8	6
\$25 .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
\$50 .....	5	5	7	5
Over \$50 .....	1	1	1	1
Both yearly and lifetime deductibles .....	6	7	8	5
Subject to major medical deductible .....	5	6	7	4
No deductible .....	34	30	27	40

<sup>1</sup> Excludes separate deductibles for orthodontic procedures.  
<sup>2</sup> Amount of deductible described is for each insured person. In some plans, the individual and family deductibles are identical.  
<sup>3</sup> Deductibles may not apply to all covered dental procedures. If separate deductibles applied to different procedures, the sum of the deductible amounts was tabulated.  
<sup>4</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 35. Health insurance: Percent of full-time participants in plans with dental benefits by yearly maximum amount of insurance,<sup>1</sup> medium and large firms, 1985**

Dollar amount	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Yearly maximum specified <sup>2</sup> .....	90	90	91	91
Less than \$500 .....	1	( <sup>4</sup> )	( <sup>4</sup> )	1
\$500 .....	6	4	5	7
\$501-\$749 .....	1	( <sup>4</sup> )	( <sup>4</sup> )	1
\$750 .....	21	20	21	21
\$751-\$999 .....	1	1	( <sup>4</sup> )	2
\$1,000 .....	45	45	46	45
\$1,001-\$1,499 .....	3	4	3	2
\$1,500 .....	6	8	8	5
\$1,501-\$1,999 .....	1	1	1	( <sup>4</sup> )
\$2,000 .....	5	4	5	6
\$2,001-\$2,999 .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Greater than \$3,000 .....	1	1	1	1
No yearly maximum .....	10	10	9	9

<sup>1</sup> Includes all covered dental procedures except orthodontia. Amount of maximum specified is for each insured person.  
<sup>2</sup> If separate yearly maximums applied to different procedures, the sum of the maximums was tabulated.  
<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 36. Health insurance: Percent of full-time participants in plans with orthodontic benefits by lifetime maximum amount of coverage, medium and large firms, 1985**

Dollar amount	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Lifetime maximum specified .....	96	96	95	96
\$500 .....	14	13	12	15
\$501-\$749 .....	5	5	4	6
\$750 .....	19	17	20	19
\$751-\$999 .....	14	12	9	18
\$1,000 .....	37	39	42	33
\$1,001-\$1,499 .....	2	3	3	1
\$1,500 .....	3	3	3	3
Greater than \$1,500 .....	2	3	2	1
No lifetime maximum .....	4	4	5	4

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 37. Health insurance: Percent of full-time participants in plans with mental health benefits by extent of benefits, medium and large firms, 1985**

Coverage limitation	All participants		Professional and administrative participants		Technical and clerical participants		Production participants	
	Hospital care	Outpatient care	Hospital care	Outpatient care	Hospital care	Outpatient care	Hospital care	Outpatient care
Total .....	100	100	100	100	100	100	100	100
With coverage .....	99	97	99	98	99	97	98	96
Covered the same as other illnesses .....	42	5	44	5	40	4	42	6
Subject to separate limitations <sup>1</sup> .....	57	91	55	93	59	93	56	90
Limit on days or visits .....	34	26	31	26	34	27	36	26
Limit on dollars .....	26	71	25	71	29	72	25	72
Major medical coinsurance limited to 50 percent .....	3	54	2	52	2	54	3	55
No major medical ceiling on out-of-pocket expenses .....	12	52	14	58	14	58	10	45
Other limitations <sup>2</sup> .....	8	17	8	16	8	15	7	18
Not covered .....	1	3	1	2	1	3	2	4

<sup>1</sup> The total is less than the sum of the individual items because many plans had more than one type of limitation on mental health coverage.

<sup>2</sup> Includes plans requiring copayments or a separate deductible for inpatient or outpatient care, and plans where the rate of reimbursement for outpatient care varied during the treatment period.

**Table 38. Health insurance: Percent of full-time participants in plans with vision benefits by extent of benefits, medium and large firms, 1985**

Benefit	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Eye examinations only .....	16	22	22	10
Examinations and eyeglasses .....	5	3	4	6
Examinations, eyeglasses, and contact lenses .....	65	59	56	72
Orthoptics <sup>1</sup> only .....	6	8	5	6
Other combinations .....	9	9	13	7

<sup>1</sup> Exercises to improve the function of the eye muscles.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 39. Health insurance: Percent of full-time participants by coverage for selected special benefits, medium and large firms, 1985**

Benefit item	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Covered by at least one of the listed special benefits <sup>1</sup> .....	84	86	86	82
Second surgical opinion .....	50	56	52	46
Alcoholism treatment .....	68	68	70	67
Drug abuse treatment .....	61	61	63	60
Hearing care <sup>2</sup> .....	17	15	13	21
Hospice care .....	23	24	22	22
Physical examinations .....	13	18	17	9
Not covered by any of listed special benefits .....	16	14	14	18

<sup>1</sup> The total is less than the sum of the individual items because many participants receive more than one benefit.

<sup>2</sup> Plan provided, as a minimum, coverage for hearing examination expenses.

**Table 40. Health insurance: Percent of full-time participants by coverage with selected cost containment features, medium and large firms, 1985**

Cost containment feature	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Covered by at least one of the listed cost containment features <sup>1</sup> ..	63	65	64	61
Incentive to seek second surgical opinion .....	24	28	28	19
Higher coinsurance, or lower or no deductible for outpatient surgery .....	25	28	27	22
Reimbursement for treatment at ambulatory surgical center .....	39	40	40	38
Higher payment for generic prescription drugs .....	3	4	3	3
No or limited reimbursement for nonemergency weekend admissions to hospital .....	8	10	8	6
Separate deductible for hospital admission .....	9	10	9	8
Prehospitalization testing .....	46	48	47	44
Not covered by any of the listed cost containment features .....	37	35	36	39

<sup>1</sup> The total is less than the sum of the individual items because many workers participate in plans with more than one feature.

**Table 41. Health insurance: Percent of full-time participants in contributory plans by type and amount of employee contribution, medium and large firms, 1985**

Type and amount of contribution	All participants		Professional and administrative participants		Technical and clerical participants		Production participants	
	Single coverage	Family coverage <sup>1</sup>	Single coverage	Family coverage <sup>1</sup>	Single coverage	Family coverage <sup>1</sup>	Single coverage	Family coverage <sup>1</sup>
Total .....	100	100	100	100	100	100	100	100
Flat monthly amount .....	89	91	87	90	90	91	89	91
Less than \$5.00 .....	19	3	17	3	14	3	24	3
\$5.00-\$9.99 .....	24	9	22	9	18	6	32	11
\$10.00-\$14.99 .....	16	8	19	6	22	6	8	10
\$15.00-\$19.99 .....	8	8	8	9	11	8	6	7
\$20.00-\$29.99 .....	11	13	13	15	14	12	7	13
\$30.00-\$39.99 .....	3	10	4	10	4	11	1	8
\$40.00-\$49.99 .....	1	11	( <sup>2</sup> )	10	2	12	1	11
\$50.00-\$59.99 .....	( <sup>2</sup> )	7	( <sup>2</sup> )	8	( <sup>2</sup> )	8	( <sup>2</sup> )	5
\$60.00-\$69.99 .....	-	6	-	5	-	7	-	6
\$70.00-\$79.99 .....	( <sup>2</sup> )	4	( <sup>2</sup> )	5	( <sup>2</sup> )	4	-	3
\$80.00-\$89.99 .....	-	2	-	1	-	2	-	4
\$90.00-\$99.99 .....	-	1	-	2	-	2	-	1
\$100.00 or greater .....	-	4	-	4	-	6	-	3
Composite rate <sup>3</sup> .....	7	6	5	4	5	4	9	8
Amount varies by earnings .....	1	( <sup>2</sup> )	1	( <sup>2</sup> )	1	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Amount varies by employee <sup>4</sup> .....	2	2	2	2	2	2	2	1
Contribution not determinable .....	8	8	9	8	7	7	8	8

<sup>1</sup> If the amount of contribution varied by either size or composition of family, the rate for an employee with a spouse and one child was used. For a small percentage of employees, the employee contributes the same amount for single and family coverage.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> A composite rate is a set contribution covering more than one benefit area, for example, health insurance and sickness and accident insurance.

Cost data for individual plans cannot be determined.

<sup>4</sup> Amount varies by options selected under a cafeteria plan or balance of employer-sponsored reimbursement account.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 42. Health insurance: Percent of full-time participants by length-of-service requirements for participation,<sup>1</sup> medium and large firms, 1985**

Length-of-service requirement	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With service requirement .....	54	39	45	68
1 month .....	16	15	13	19
2 months .....	8	4	5	11
3 months .....	19	12	19	22
4-5 months .....	4	2	1	6
6 months .....	7	5	7	8
7-11 months .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
One year .....	1	( <sup>2</sup> )	( <sup>2</sup> )	1
Over 1 year .....	( <sup>2</sup> )	-	-	( <sup>2</sup> )
Without service requirement .....	45	60	53	32
Service requirement not determinable .....	1	1	2	1

<sup>1</sup> Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement. Minimum age requirements are rare.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.



**Table 43. Health insurance: Percent of full-time participants by funding medium for selected types of coverage, medium and large firms, 1985**

Funding medium	Basic hospital <sup>1</sup>	Basic surgical <sup>1</sup>	Basic medical <sup>1</sup>	Major medical <sup>2</sup>	Dental	Basic hospital <sup>1</sup>	Basic surgical <sup>1</sup>	Basic medical <sup>1</sup>	Major medical <sup>2</sup>	Dental
	All participants					Technical and clerical				
Total .....	100	100	100	100	100	100	100	100	100	100
Provided coverage .....	66	70	48	87	76	62	64	43	89	76
Blue Cross-Blue Shield .....	21	15	14	12	6	20	12	11	11	4
Commercial carrier .....	18	22	12	34	36	15	19	10	35	35
Independent health plans .....	25	31	20	39	32	25	31	20	39	35
Self-insured <sup>3</sup> .....	18	23	13	38	29	15	21	10	39	32
Health Maintenance Organizations <sup>4</sup> .....	7	7	7	( <sup>5</sup> )	1	10	10	10	( <sup>5</sup> )	1
Other <sup>5</sup> .....	-	-	-	-	1	-	-	-	-	1
Combined .....	1	2	1	3	2	2	2	1	3	3
Not provided coverage .....	34	30	52	13	24	38	36	57	11	24
	Professional and administrative					Production				
Total .....	100	100	100	100	100	100	100	100	100	100
Provided coverage .....	61	65	40	89	79	71	75	54	85	73
Blue Cross-Blue Shield .....	20	11	11	11	4	23	19	17	13	7
Commercial carrier .....	16	20	10	37	38	21	24	15	32	36
Independent health plans .....	25	32	19	39	35	26	30	21	38	29
Self-insured <sup>3</sup> .....	15	22	9	39	31	21	25	16	38	27
Health Maintenance Organizations <sup>4</sup> .....	10	10	10	( <sup>5</sup> )	1	5	5	5	( <sup>5</sup> )	1
Other <sup>5</sup> .....	-	-	-	-	2	-	-	-	-	1
Combined .....	1	2	1	3	2	1	2	1	2	2
Not provided coverage .....	39	35	60	11	21	29	25	46	15	27

<sup>1</sup> A plan provision was classified as a basic benefit when it covered the initial expenses incurred for a specific medical service. Under these provisions, a plan paid covered expenses in one of several ways: 1) in full with no limitation; 2) in full for a specified period of time, or until a dollar limit was reached; and 3) a cash scheduled allowance benefit that provided up to a dollar amount for a service performed by a hospital or physician. For a specific category of care, a plan may require the participant to pay a lump sum amount each disability or year (deductible) or a nominal charge each visit or procedure (copayment) before reimbursement begins or services are rendered.

<sup>2</sup> Major medical benefits cover many categories of expenses, some of which are not covered under basic benefits, and others for which basic coverage limits have been exhausted. These benefits are characterized by deductible and coinsurance provisions that are applied across categories of care.

<sup>3</sup> Includes plans that are financed by general revenues of a company on a pay-as-you-go basis, plans financed through contributions to a trust fund established to pay benefits, and plans operating their own

facilities if at least partially financed by employer contributions. Includes plans that are administered by a commercial carrier through Administrative Services Only-Minimum Premium Plan (ASO-MPP) contracts and plans in which a commercial carrier provides protection only against extraordinary claims.

<sup>4</sup> Includes federally qualified (those meeting standards of the Health Maintenance Organization Act of 1973, as amended) and other HMOs delivering comprehensive health care on a prepayment rather than fee-for-service basis. All HMOs are included here regardless of sponsorship, e.g., Blue Cross-Blue Shield or a commercial insurance carrier.

<sup>5</sup> Less than 0.5 percent.

<sup>6</sup> Includes independent prepaid plans providing health benefits less comprehensive than those of an HMO. Dental benefits plans sponsored by local dental societies are also in this category.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 44. Life insurance: Percent of full-time participants by method of determining amount of basic life insurance and frequency of related coverages, medium and large firms, 1985**

Item	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Basic life insurance <sup>1</sup> .....	100	100	100	100
Based on earnings .....	66	84	81	48
Multiple <sup>2</sup> .....	53	73	71	33
Graduated schedule .....	13	12	10	15
Flat amount .....	31	12	15	50
Flat amount based on service ....	3	3	3	2
Other <sup>3</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
With extended coverage during total and permanent disability .....	96	97	98	94
With accidental death and dismemberment coverage .....	73	70	65	79
With survivor income benefit <sup>5</sup> .....	13	12	11	14
With dependent coverage .....	21	21	20	20

<sup>1</sup> A few participants received only accidental death and dismemberment insurance.

<sup>2</sup> Includes plans in which insurance equaled a multiple of earnings, plus or minus a specific amount.

<sup>3</sup> Includes participants in plans with insurance based on pension accrued at time of the employee's death.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> Consists of monthly income, usually a percent of earnings, for the spouse or dependent children for a specified period after death of employee.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 45. Life insurance: Percent of full-time participants in plans with multiple-of-earnings formulas<sup>1</sup> by amount of basic insurance and maximum coverage provisions, medium and large firms, 1985**

Formula	Total	In plans without maximum coverage	In plans with maximum coverage					
			All	Less than \$50,000	\$50,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000 or more
<b>All participants</b>								
Total .....	100	48	52	4	6	18	17	6
Life insurance is equal to annual earnings times: <sup>2</sup>								
Less than 1.0 .....	2	2	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )
1.0 .....	45	24	20	3	3	9	3	1
1.1-1.4 .....	1	( <sup>0</sup> )	1	-	-	( <sup>0</sup> )	-	( <sup>0</sup> )
1.5 .....	8	2	6	-	1	1	4	( <sup>0</sup> )
1.6-1.9 .....	1	-	1	( <sup>0</sup> )	-	1	-	( <sup>0</sup> )
2.0 .....	33	16	17	( <sup>0</sup> )	2	5	7	3
2.1-2.4 .....	2	1	1	-	-	-	1	( <sup>0</sup> )
2.5 .....	2	1	1	-	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )
2.6-2.9 .....	( <sup>0</sup> )	-	( <sup>0</sup> )	-	( <sup>0</sup> )	-	-	( <sup>0</sup> )
3.0 .....	2	1	1	-	-	1	( <sup>0</sup> )	( <sup>0</sup> )
More than 3.0 .....	1	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )
Multiple varying with earnings .....	3	1	2	( <sup>0</sup> )	-	( <sup>0</sup> )	2	-
<b>Professional and administrative</b>								
Total .....	100	49	51	3	6	19	17	7
Life insurance is equal to annual earnings times: <sup>2</sup>								
Less than 1.0 .....	2	1	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )
1.0 .....	40	21	18	2	3	8	4	2
1.1-1.4 .....	1	( <sup>0</sup> )	1	-	-	1	-	( <sup>0</sup> )
1.5 .....	7	3	4	-	1	1	2	( <sup>0</sup> )
1.6-1.9 .....	1	-	1	-	-	1	-	( <sup>0</sup> )
2.0 .....	38	19	20	( <sup>0</sup> )	2	6	8	4
2.1-2.4 .....	2	1	1	-	-	-	1	( <sup>0</sup> )
2.5 .....	2	1	1	-	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )	1
2.6-2.9 .....	( <sup>0</sup> )	-	( <sup>0</sup> )	-	( <sup>0</sup> )	-	-	( <sup>0</sup> )
3.0 .....	3	1	2	-	-	1	( <sup>0</sup> )	( <sup>0</sup> )
More than 3.0 .....	1	( <sup>0</sup> )	( <sup>0</sup> )	-	-	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )
Multiple varying with earnings .....	4	1	2	( <sup>0</sup> )	-	( <sup>0</sup> )	2	-
<b>Technical and clerical</b>								
Total .....	100	48	52	4	7	19	15	7
Life insurance is equal to annual earnings times: <sup>2</sup>								
Less than 1.0 .....	3	2	1	( <sup>0</sup> )	1	-	-	( <sup>0</sup> )
1.0 .....	47	25	22	2	3	10	3	2
1.1-1.4 .....	1	( <sup>0</sup> )	1	-	-	1	-	( <sup>0</sup> )
1.5 .....	5	2	3	-	1	1	1	( <sup>0</sup> )
1.6-1.9 .....	1	-	1	-	-	1	-	( <sup>0</sup> )
2.0 .....	33	15	18	( <sup>0</sup> )	2	6	7	3
2.1-2.4 .....	1	1	( <sup>0</sup> )	-	-	-	( <sup>0</sup> )	( <sup>0</sup> )
2.5 .....	3	1	1	-	1	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )
2.6-2.9 .....	( <sup>0</sup> )	-	( <sup>0</sup> )	-	( <sup>0</sup> )	-	-	( <sup>0</sup> )
3.0 .....	2	1	2	-	-	1	( <sup>0</sup> )	1
More than 3.0 .....	1	1	( <sup>0</sup> )	-	-	( <sup>0</sup> )	( <sup>0</sup> )	( <sup>0</sup> )
Multiple varying with earnings .....	4	1	3	1	-	( <sup>0</sup> )	2	-

See footnotes at end of table.

**Table 45. Life insurance: Percent of full-time participants in plans with multiple-of-earnings formulas<sup>1</sup> by amount of basic insurance and maximum coverage provisions, medium and large firms, 1985—Continued**

Formula	Total	In plans without maximum coverage	In plans with maximum coverage					
			All	Less than \$50,000	\$50,000-\$99,999	\$100,000-\$249,999	\$250,000-\$499,999	\$500,000 or more
<b>Production</b>								
Total .....	100	47	53	7	7	15	21	3
Life insurance is equal to annual earnings times: <sup>2</sup>								
Less than 1.0 .....	2	2	( <sup>3</sup> )	( <sup>3</sup> )	-	-	-	( <sup>3</sup> )
1.0 .....	50	28	22	5	3	10	3	( <sup>3</sup> )
1.1-1.4 .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	-	-	( <sup>3</sup> )	-	( <sup>3</sup> )
1.5 .....	12	2	11	-	1	( <sup>3</sup> )	9	( <sup>3</sup> )
1.6-1.9 .....	2	-	2	1	-	1	-	-
2.0 .....	27	13	14	1	1	4	7	1
2.1-2.4 .....	2	1	( <sup>3</sup> )	-	-	-	-	( <sup>3</sup> )
2.5 .....	2	1	1	-	1	-	1	( <sup>3</sup> )
2.6-2.9 .....	1	-	1	-	1	-	-	-
3.0 .....	1	1	( <sup>3</sup> )	-	-	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
More than 3.0 .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	-	-	-	-	( <sup>3</sup> )
Multiple varying with earnings .....	2	( <sup>3</sup> )	2	( <sup>3</sup> )	-	1	1	-

<sup>1</sup> Includes plans in which insurance equalled a multiple of earnings, plus or minus a flat dollar amount.

<sup>2</sup> When the multiple-of-earnings formula varied with age, the maximum multiple was tabulated. A few plans varied the multiple-of-earnings formula according to service; in these cases, a participant was as-

sumed to have 15 years of service.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 46. Life insurance: Percent of full-time participants in plans with flat dollar insurance<sup>1</sup> by amount of basic insurance, medium and large firms, 1985**

Amount of insurance	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Less than \$2,000 .....	1	2	2	1
\$2,000-\$4,999 .....	12	10	11	13
\$5,000-\$9,999 .....	36	40	39	35
\$10,000-\$14,999 .....	32	32	36	32
\$15,000-\$19,999 .....	9	2	6	11
\$20,000-\$24,999 .....	5	7	2	5
\$25,000-\$29,999 .....	3	3	4	3
\$30,000 and over .....	1	4	1	1

<sup>1</sup> Excludes participants in plans where insurance was a flat amount based on service.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 47. Life insurance: Percent of full-time participants by length-of-service requirements for participation,<sup>1</sup> medium and large firms, 1985**

Length-of-service requirement	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With service requirement .....	53	42	49	62
1 month .....	17	16	13	20
2 months .....	7	3	4	10
3 months .....	18	14	21	19
4-5 months .....	1	1	( <sup>2</sup> )	2
6 months .....	8	6	8	10
7-11 months .....	( <sup>2</sup> )	-	-	( <sup>2</sup> )
1 year .....	1	2	2	1
Over 1 year .....	( <sup>2</sup> )	1	( <sup>2</sup> )	( <sup>2</sup> )
Without service requirement .....	46	58	51	38
Service requirement not determinable .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )

<sup>1</sup> Length of time employees must be on the job before they are covered by a plan that is at least partially employer financed. There is frequently an administrative time lag between completion of the requirement and the actual start of participation. If the lag was 1 month or more, it was included in the service requirement. Minimum age requirements are rare.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 48. Life insurance: Percent of full-time participants in basic life insurance plans by effect of retirement on coverage, medium and large firms, 1985**

Effect of retirement	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Insurance continues <sup>1</sup> .....	62	64	66	59
Continues for life .....	60	62	65	57
Continues in full .....	4	4	4	3
Reduced once .....	30	29	31	30
Reduced more than once during retirement .....	26	29	29	23
Continues in form of paid-up insurance <sup>2</sup> .....	( <sup>2</sup> )	1	1	( <sup>2</sup> )
Ceases during retirement .....	2	2	1	2
Insurance discontinued immediately .....	38	36	34	41

<sup>1</sup> Includes plans in which coverage is fully retiree paid.

<sup>2</sup> Plan accumulates permanent amounts of insurance through the contributions of active employees.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

## Chapter 5. Defined Benefit Pension Plans

Among employees within the scope of the survey, defined benefit pension plans are the predominant type of retirement plan sponsored by employers. These plans include a formula for calculating retirement benefits and obligate the employer to provide the benefits so determined. In 1985, four-fifths of the employees were covered by defined benefit pension plans—a proportion that has held relatively steady since 1980. (Other sources of retirement income, such as savings plans, will be discussed in chapter 6.)

*Benefit formulas (tables 49-53).* Earnings-based formulas applied to seven-tenths of the employees covered by defined benefit pension plans. Plans including these formulas pay a percent of the employee's annual earnings per year of service. Variations are common in the approach to calculating annual earnings and the rate paid per year of service. For 82 percent of the participants with earnings-based formulas, pensions were based on earnings in the final years of employment (terminal earnings formula); for the remainder, an average of career earnings was used. Terminal earnings were defined as the average over a 5-year period for 84 percent of the participants with terminal earnings formulas. Such formulas usually designated the 5 consecutive years with the highest earnings out of the last 10 years before retirement.

A majority of participants with earnings-based formulas—half of those with terminal earnings and over two-thirds with career earnings formulas—were in plans having benefit rates per year of service that varied according to service, earnings, or age. Career earnings formulas typically applied one rate to annual earnings below a specified amount, and a higher rate above that amount. For example, a plan will credit an employee with 1 percent of earnings up to the first \$12,000 in each year of service plus 1.5 percent of the excess earnings. The annual pension payment is the sum of these credits. The balance of formulas applied a uniform rate to all earnings. These uniform rates averaged 1.62 percent per year of service in terminal earnings formulas and 1.55 percent in career earnings formulas. Thus, terminal earnings formulas not only provide a higher earnings base than career formulas,<sup>14</sup> but the percentage rates also are on average higher. However, benefits under a terminal earnings formula were more likely to be offset

by a retiree's Social Security payments. (See next section.)

Most plans that did not use a percent-of-earnings benefit formula specified a dollar amount to be paid for each year of service, such as \$15 a month per year of service, yielding a pension of \$450 after 30 years. Dollar-amount formulas applied to 29 percent of pension plan participants. While the dollar amount in these formulas sometimes varied with an employee's earnings or service, the predominant method was to multiply a uniform dollar amount by years of service. Uniform amounts credited per year averaged \$14.83 a month.

The basis of payment differed sharply by employee group. While a large majority of white-collar participants were provided earnings-based pensions, dollar-amount formulas applied to half of the blue-collar participants.

Thirty-six percent of all participants were in pension plans providing benefits from either primary or alternative formulas, whichever was greater. Alternative formulas were often included to provide at least a minimum level of benefits for persons with short service or low earnings. For example, a plan may have a primary formula of 1.25 percent of career average earnings times years of service, and an alternative formula of \$15 a month for each year of service. In this case, the alternative formula would provide a higher benefit for persons with career average annual earnings less than \$14,400.

*Private benefits and Social Security payments (table 54).* Employers providing private retirement plans also share the cost of Social Security coverage equally with their employees. Because many plan sponsors feel that private pension and Social Security benefits should not be duplicative, formulas for calculating private pensions often contain an offset provision requiring part of the Social Security pension to be subtracted from the annuity. Other plans have "excess" formulas that apply lower pension benefit rates to an employee's earnings below a specified level (which is either the Social Se-

<sup>14</sup> An employee who worked 30 years with a 5-percent pay increase each year and who earned \$25,000 in the last year of service would have career average earnings of \$13,451 a year, while the final 5-year average would be \$22,730. The difference between the career and final averages lessens with shorter lengths of service.

curity taxable wage base—usually the career average—or a dollar amount equal to a past taxable wage base).

Sixty-one percent of all participants were in plans where benefit formulas were “integrated” with Social Security. Terminal earnings formulas of integrated plans tended to adopt the offset approach, while career earnings formulas tended to incorporate the excess approach. Dollar amount formulas were rarely coordinated with Social Security; blue-collar employees, therefore, were less likely to have integrated benefits.<sup>15</sup>

*Maximum benefit provisions (table 55).* The Employee Retirement Income Security Act (ERISA) places ceilings on the size of annual pension benefits from defined benefit plans. This restriction largely affects only highly compensated employees. Many plans, however, have provisions that restrict benefit levels for all participants. For example, one-third of participants were in plans that limited the number of years of service included in benefit computation; maximums of 30 or 35 years were most common. For 8 percent of the participants, annual pensions (usually including Social Security payments) could not exceed a specified percent of average annual career or terminal earnings.

*Replacement rates (table 56).* A commonly used indicator of pension adequacy is the portion of a retiree’s final year’s earnings that is “replaced” by the retirement benefit. To calculate replacement rates under 1985 pension plans, the maximum private benefit under each surveyed plan, not reduced for early retirement or joint-and-survivor annuity, was determined under several assumed combinations of final annual earnings and years of service. These benefit levels were then expressed as percents of earnings in the last year of employment. The calculations assume employees retired on January 1, 1985, and final earnings are for 1984.<sup>16</sup>

Table 56 presents average replacement rates resulting from defined benefit pension plans alone and in combination with primary Social Security benefits (that is, excluding benefits for spouse and other dependents).<sup>17</sup> For private pension formulas that are integrated with Social Security and for computation of Social Security benefits, the worker is assumed to have retired at age 65 and paid into Social Security for 40 years. (For

workers who reached age 65 in 1985, however, the Social Security benefit was the same for workers with similar final earnings who had 25 years or more under Social Security.)

Chart 4 displays replacement rates based on 30 years of service for each of the earnings assumptions. Except for the lowest earnings assumption (\$15,000), the private pension plan replaced on average about 27 percent of the final year’s earnings; the rate for \$15,000 was about 31 percent.

When combined with primary Social Security payments available at age 65, however, replacement rates differed substantially as earnings increased—ranging from nearly three-fourths at the lowest assumed level to just under one-half at the highest earnings level computed. Except for the two highest assumed levels of final earnings (\$35,000 and \$40,000), the primary Social Security benefit was larger than the average private pension.

Although private pension replacement rates for white-collar employees increased slightly at higher earnings levels, rates for blue-collar workers dropped by almost a third. Table 49 provides an explanation: Half of all production workers have dollar amount formulas, paying workers with the same years of service the same benefit, regardless of earnings history. The result is a steady decrease in the replacement rate as final earnings increase. Average replacement rates for earnings-based formulas, on the other hand, increase slightly with higher final earnings.

While average replacement rates show a consistent relationship between pensions and service, earnings, and type of formula, the range of pensions payable is quite broad. Chart 5 shows that calculated monthly pensions for employees retiring with 20 or 30 years’ service and final earnings of \$30,000 varied from less than \$200 to \$1,000 or higher.<sup>18</sup>

*Normal retirement (table 57).* Although full Social Security benefits are not available before age 65, most private pension plan participants were not required to work to that age for full private pensions (normal retirement). Thirty-three percent were covered by plans that specified age 65 as the earliest age for normal retirement, down from 45 percent in 1980. While employees in plans specifying age 65 usually did not have to satisfy a minimum service requirement, plans permitting normal retirement at earlier ages typically had length-of-service requirements. Ten to fifteen years’ service were required for half of the 38 percent of participants who could first retire at ages 60 through 64; 20 or 30 years were typically needed for retirement at ages 55 through 59 (affecting 6 percent of participants).

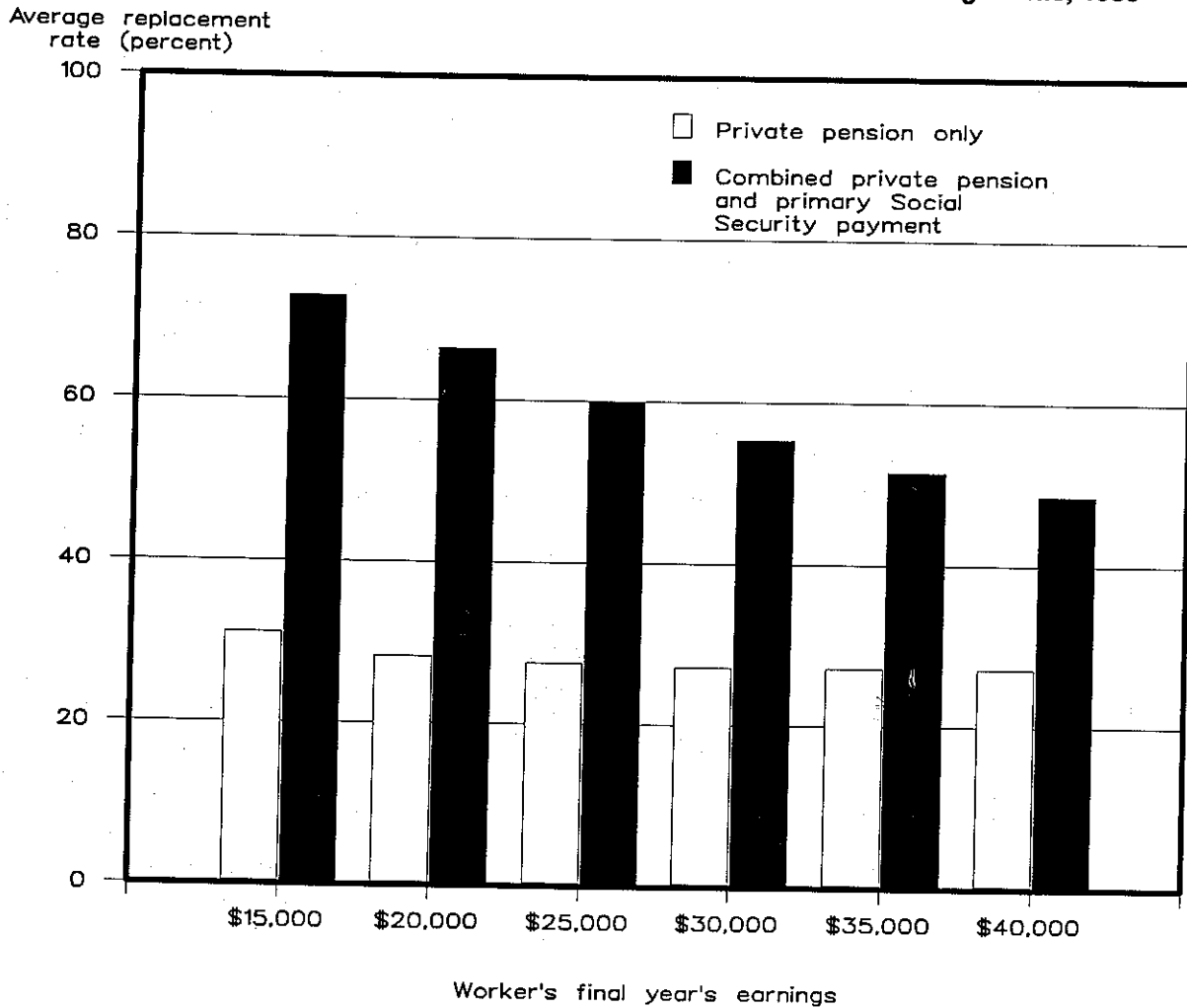
<sup>15</sup>For a comprehensive analysis of formulas with Social Security integration characteristics, see Donald Bell and Diane Hill, “How Social Security Payments Affect Private Pensions,” *Monthly Labor Review*, May 1984, pp. 15–20.

<sup>16</sup>Earnings histories, necessary for applying the pension formulas, were constructed for each final earnings level based on data provided by the Social Security Administration.

<sup>17</sup>The Social Security spouse benefit, which is 50 percent of the primary benefit, is paid in addition to the primary benefit while both partners are alive (unless the spouse is eligible for a larger primary benefit).

<sup>18</sup>For a more complete discussion of replacement rates, see Donald G. Schmitt, “Today’s Pension Plans: How Much Do They Pay?” *Monthly Labor Review*, December 1985, pp. 19–25.

**Chart 4. Replacement rates under pension plans including and excluding Social Security payments: Average benefits based on 30 years of service, medium and large firms, 1985**



Another 10 percent of participants could qualify when the sum of age plus service reached a specific amount, such as 85. A minimum age of 55 was generally included for meeting these requirements. Minimum lengths of service were less common.

Fourteen percent of all participants were covered by plans permitting normal retirement at any age with 30 years of service; the major concentration (19 percent) was among production workers. Plans which featured such a provision almost always offered other normal retirement opportunities at specified ages with lower service requirements. (If a plan had alternative age and service requirements, the earliest age and associated service were tabulated for this survey; if one alternative did not specify an age, it was the requirement that was tabulated.)

*Early retirement (tables 58 and 59).* Virtually all of the employees participating in a pension plan could retire

before normal retirement age and receive an immediate, reduced pension. In some cases, employer approval was required for such early retirement benefits.

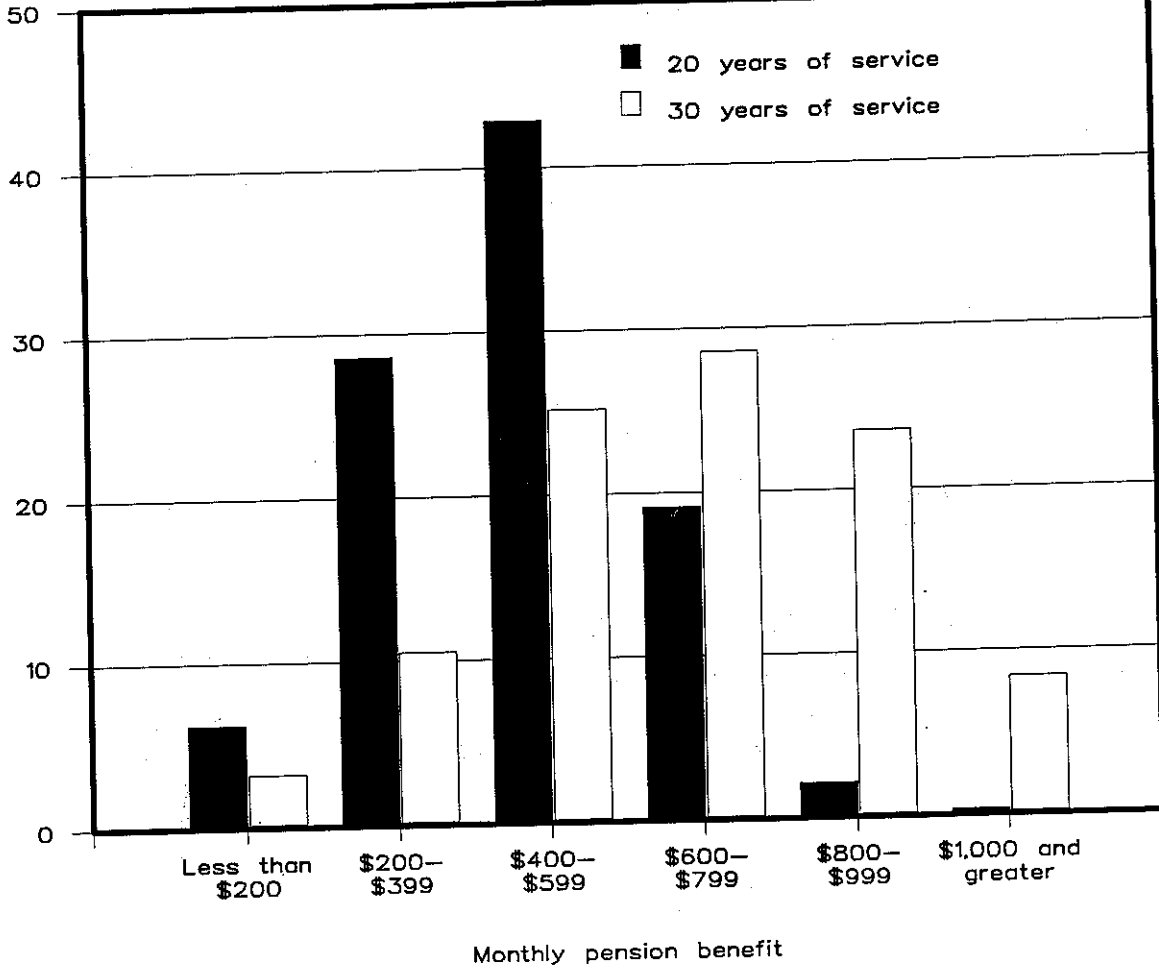
The amount of an early retirement pension is lower for two reasons: First, fewer years of service are applied to the benefit formula because an employee has not worked until normal retirement age. Second, because benefits begin at an earlier age, the retiree is expected to receive plan payments over a longer period of time.

The normal benefit is reduced by a percentage (factor) for each year between the actual and normal retirement ages. If a plan's normal retirement age is 62, for example, and the reduction factor is 6 percent, a person retiring at age 59 would receive 82 percent of the normal formula amount (100 percent minus 3 years times 6 percent). It should be recognized, however, that in addition to the 18-percent reduction for early retirement, the annuity in this example would be based on



**Chart 5. Monthly benefits under private defined benefit pension plans: Distribution of participants assuming earnings of \$30,000 in the final year of work, medium and large firms, 1985**

Percent of participants



fewer years of service and possibly lower earnings than at age 62.

The reduction factor may be uniform or may vary by age or service. Reduction factors that differed for each year of early retirement, based on the employee's life expectancy at that age (actuarial reductions) were used in plans covering one-eighth of participants with early retirement opportunities. Other methods of reduction, however, often approximate an actuarial reduction. For example, for over a third of the participants, the reduction factor differed for age brackets of several years instead of changing each year. Just under one-half of the participants had uniform reduction factors, most commonly 6 percent for each year of early retirement. A few plans applied reduction factors that vary by length of service.

Two-thirds of all participants were covered by plans

permitting early retirement at age 55; generally, 10 to 15 years of service were required. Twelve percent of all participants could retire earlier than age 55 if service requirements were satisfied. Ten percent of the participants in plans with early retirement could qualify when the sum of age plus service reached a specific amount. Such plans usually included minimum service requirements ranging from 1 to 25 years; age requirements of 50, 55, or 56 were sometimes specified.

The early retirement pension for 14 percent of participants was supplemented by additional monthly payments if employees retired after meeting a specified age or length-of-service requirement higher than the minimum needed to retire. Plan sponsors include these special early retirement benefits either to induce older workers to retire or as a reward for long service. Supplemental benefits from the private pension help to fill

the gap during the period between retirement and the start of Social Security payments. Generally, supplemental payments end when Social Security payments begin (either reduced payments at age 62 or full benefits at age 65), and the reduced pension is then payable for life. (At least half of the retirement pension for most employees in this study will be Social Security payments—see section on replacement rates.) Other employers elect to offer similar incentives outside of formal plan provisions to employees who retire within a specified time period.<sup>19</sup>

*Disability retirement (table 60).* A career-ending disability may entitle an employee to a pension before the normal retirement age. If the disability satisfies the plan's definition of total disability, pension benefits often begin immediately. When an employer provides other sources of disability income, such as long-term disability insurance, the disability retirement benefit might be deferred until the other forms of income have ceased. Eighty-five percent of pension plan participants were covered by disability retirement provisions in 1985. Each year since first tabulated in 1980, employees in plans with immediate disability retirement have outnumbered those in plans with benefits deferred to normal or early retirement age. The latter, however, increased by 10 percentage points over the period to 40 percent of the pension participants in 1985.

Seventy-nine percent of the production workers with disability retirement coverage were in plans with immediate benefits. White-collar workers with disability benefits in their pension plans were more likely to be in plans with deferred benefits. Workers with deferred benefits were usually given long-term disability insurance (LTD) benefits which typically provided 50 or 60 percent of earnings at the time of disability; this was more than that generally provided by pension plans with immediate disability retirement.<sup>20</sup> Furthermore, most deferred retirement benefits were greater than immediate pensions, primarily because the time during which LTD benefits were paid was typically added to an employee's length of service for computation of pension benefits. (See Chapter 3 for details of LTD benefit plans.)

Requirements for disability retirement were usually based on specified years of service such as 10 years or more. Sixteen percent of the participants, however, had no age or service requirement for disability retirement, and 20 percent had to meet the qualifications for the

LTD plan, which usually had a minimal service requirement.

*Postponed retirement (table 61).* Employees who continue on the job after age 65 rarely receive private pensions before retirement. Moreover, postponed retirement is rarely fully reflected in the size of pension benefits by both crediting the service after age 65 and adjusting pensions upward for the shorter retirement period. Nevertheless, slightly less than one-half of the participants were in plans that made some allowance for postponed retirement.

Thirty-nine percent of all participants were in plans with benefit formulas that included credit for service after age 65; 20 percent were subject to limits on the number of credited years (frequently, only years up to age 68 or 70). A number of plans with earnings-based benefit formulas recognized earnings levels after age 65, even when service was not credited for these years. Production workers were more likely than white-collar employees to receive full credit for service after age 65. Collectively-bargained multiemployer plans, accounting for 8 percent of blue-collar participants, frequently provide for employer contributions to the pension fund for covered employees regardless of age.

In contrast to early retirees, who typically receive reduced pensions over an extended time period, late retirees seldom receive pensions that are increased to compensate for the shorter time they will draw benefits. Only 8 percent of the participants were in plans that actuarially adjust the size of pensions or increase the payment by a specified percentage for each additional year of work beyond the normal retirement age.

*Postretirement pension increases (table 62).* Inflation can severely erode the purchasing power of a fixed pension throughout a worker's retirement years. Forty-three percent of pension plan participants were in plans which increased pensions for current retirees at least once during the 1980-84 period. Most of these increases were discretionary, or ad hoc, rather than automatic adjustments. The amounts of ad hoc increases were not directly linked to a cost-of-living index. Instead, retirees' current pensions were usually increased by either a percentage varying by the length of retirement, or a dollar amount per year of service. The latter type of increase more often affected the pensions of production workers, and frequently resulted from collective bargaining agreement provisions.

Since the survey reports only the number of current employees covered by pension plans and not the number of retirees, it cannot specify the proportion of annuitants actually receiving postretirement pension increases. A rough measure of the incidence of postretirement increases among pensioners can be derived by assuming that the number of retirees is proportionate to

<sup>19</sup> David H. Gravitz and Frederick W. Rumack, "Opening the Early Retirement 'Window,'" *Personnel*, March/April 1983, pp. 53-57.

<sup>20</sup> For a more complete discussion of disability retirement, see Donald Bell and William Wiatrowski, "Disability Benefits for Employees in Private Pension Plans," *Monthly Labor Review*, August 1982, pp. 36-40.

the number of active plan participants. Thus, since 41 percent of the pension plan participants were in plans granting ad hoc increases, it can be assumed that about two-fifths of the retirees received pension increases.

The same approach was used to estimate the size of pension increases. For each plan granting an ad hoc increase during the 1980-84 period, the amount of increase was computed using three retirement periods (5, 10, and 15 years) and two monthly pension amounts (\$250 and \$750) in effect on December 31, 1979. These increases were then averaged, using as weights the number of active workers participating, to provide surveywide estimates for each example. As shown in the tabulation below, the length of retirement was a significant factor in determining the size of pension adjustments, with larger increases paid to persons retired longest. Also, where maximum increases were specified, retirees with higher original pensions had lower percentage increases.

Monthly pension on December 31, 1979	Years of retirement		
	5	10	15
<b>\$250:</b>			
Average pension on December 31, 1984 .....	\$286	\$306	\$322
Percent change, December 31, 1979-84 .....	14	22	29
<b>\$750:</b>			
Average pension on December 31, 1984 .....	\$828	\$886	\$929
Average change, December 31, 1979-84 .....	10	18	24

The BLS Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) rose 41 percent over the 5-year period studied.<sup>21</sup> For retirees in plans with ad hoc adjustments, and with monthly pensions and years of retirement shown above, average adjustments were two-thirds or less of the price rise.

Only about 4 percent of all participants were in plans that provided for automatic increases in pension benefits to compensate for increases in the cost of living. In most instances, the cost-of-living-adjustment formulas provided for benefit adjustments proportional to increases in the BLS Consumer Price Index. Nevertheless, ceilings on individual increases limited periodic adjustments to 3 percent or less for most of the covered workers. Nearly all of the affected participants were in plans calling for annual adjustments. Lifetime ceilings on increases were uncommon.

**Vesting (table 63).** Even when an employee leaves an employer without qualifying for either a normal, early, or disability retirement benefit, a pension may ultimately be paid. If certain conditions are satisfied at the time of

<sup>21</sup> The rate of increase was determined by dividing the annual average CPI-W for 1984 by the annual average CPI-W for 1979. For a discussion of postretirement increases, see Donald G. Schmitt, "Postretirement Increases under Private Pension Plans," *Monthly Labor Review*, September 1984, pp. 3-8.

separation, workers have a vested right in all or a significant portion of their accrued pension benefits and may begin receiving benefits years later. Although all pension participants are entitled to vested benefits under ERISA, some variations exist as to when this occurs. Most pension plans require 10 years of service before benefits are guaranteed. While over two-thirds of the participants were covered by the 10-year rule regardless of age, one-sixth were affected by the plan sponsor's right to exclude years of service before a specified age in determining vesting eligibility.<sup>22</sup>

Unreduced vested pension payments begin at a plan's normal retirement age, based on the benefit formula in effect when an employee left the plan. Also, terminated and vested participants can receive a reduced pension under a plan's early retirement provision if the participant had satisfied the corresponding service requirement when leaving the plan.

For terminated and vested employees who wish to receive a pension beginning at the early retirement age, the benefit must be at least the actuarial equivalent of what would have been received starting at age 65. Although under ERISA the reduction factor used in determining the pension for a terminated employee can be more severe than for early retirement, the same factor was used in plans covering 77 percent of the participants with early retirement provisions.

**Postretirement survivor benefits (table 64).** ERISA also requires the availability of a form of pension in which at least 50 percent of the retiree's payments continue to the spouse after the retiree's death. When this type of pension—called a joint-and-survivor annuity—is paid, the employee will receive a lower benefit during retirement since payments are likely to be made over a longer period of time. When the retiree dies, the spouse will receive part or all of the retiree's monthly pension benefits.<sup>23</sup>

<sup>22</sup> The Retirement Equity Act of 1984, among other provisions, amended ERISA by lowering from 25 to 21 the age after which employers must enroll workers in defined benefit and defined contribution plans, and lowering from 22 to 18 the age after which employees must earn vesting credits. In addition, the act requires that the spouse of a deceased vested employee be entitled to survivor benefits regardless of age at death. For most plans, provisions of the act were effective for plan years beginning after December 31, 1984. Since deadlines for compliance were spread throughout 1985, previous ERISA rules were still in effect at the time some establishments were visited. (Collectively bargained plans must comply by January 1, 1987.)

<sup>23</sup> ERISA requires that the joint-and-survivor coverage be automatic for married retirees, and that waiver of this option must be requested in writing. The Retirement Equity Act (see footnote 22) further directs that spouse coverage can be waived only if both husband and wife sign the written request. For a more complete discussion of survivor benefits, see Donald Bell and Avy Graham, "Surviving Spouse's Benefits in Private Pension Plans," *Monthly Labor Review*, April 1984, pp. 23-31.

Joint-and-survivor annuities are based on an actuarial or arithmetic reduction of the employee's pension. One-fifth of the participants were in plans offering only a joint-and-survivor option that provides a surviving spouse 50 percent of the retiree's adjusted pension. Nearly two-thirds of participants had a choice of two or more alternative percentages (frequently 50, 67, and 100 percent) to be continued to the spouse, with corresponding reductions in their annuities.

*Preretirement survivor benefits (table 65).* Nearly all participants were in plans providing for survivor payments in case the employee died before retirement. Pensions usually had to be vested before any death benefits were payable.<sup>24</sup> For over seven-tenths of the participants, a surviving spouse would receive an annuity equivalent to the amount payable if the employee had retired on the day prior to death with a joint-and-survivor form of payment in effect. Most survivor pensions of this nature were based on an early retirement benefit and were provided at no cost to the employee. However, for 15 percent of participants (down from 24 percent in 1980), preretirement joint-and-survivor protection involved an extra employee cost and was available only if elected. The cost was usually paid by the employee through a small deduction in the pension ultimately payable to either employee or spouse.

*Employee contributions.* The employer paid the full cost of defined benefit pension plans for 90 percent of the participants. Since 1980, the proportion of production participants required to contribute to the cost of

<sup>24</sup> See footnote 22 for changes required by the Retirement Equity Act.

their plan has risen from 5 to 10 percent. Of the employees who had to pay part of the cost, virtually all paid a percent of earnings. The majority of participants in contributory plans paid one rate (usually 2 to 4 percent) on earnings above a specified level, and a lower rate (or frequently zero) below that earnings level. The annual earnings level at which this break occurred ranged from \$3,000 to \$39,600, the Social Security taxable wage base in effect during 1985. Plans with varying employee contributions usually coordinate private benefits with Social Security payments; as discussed earlier, pension benefit rates used in these plans are higher on earnings above the Social Security taxable wage base. One sixth of the participants in contributory plans paid a flat rate—none paid more than 3 percent.

*Participation requirements (table 66).* Two-fifths of the employees with pension plans had immediate coverage. Another one-fourth could participate regardless of age but had a service requirement, seldom more than 1 year. The remaining employees could not enter their employer's pension plan until they reached a specified age and completed 1 year of service, the most restrictive requirement permitted under ERISA.<sup>25</sup>

Three-fifths of pension participants were in plans with a maximum age, usually 59, beyond which newly hired employees were not eligible. Maximum age conditions are permitted under ERISA regulations as long as the specified age is within 5 years of a plan's normal retirement age.

Both minimum and maximum age provisions occurred less frequently in plans covering blue-collar workers than in plans for white-collar workers.

<sup>25</sup> See footnote 22 regarding the Retirement Equity Act's changes to ERISA, effective during 1985.

**Table 49. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by method of determining retirement payments, medium and large firms, 1985**

Basis of payment <sup>2</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Terminal earnings formula .....	57	76	75	36
No alternative formula .....	27	35	42	16
Terminal earnings alternative .....	8	12	11	5
Career earnings alternative .....	3	5	4	2
Dollar amount alternative <sup>3</sup> .....	17	23	18	12
Percent of contributions alternative .....	1	1	( <sup>4</sup> )	1
Career earnings formula .....	13	19	12	10
No alternative formula .....	7	12	7	4
Career earnings alternative .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Dollar amount alternative <sup>3</sup> .....	5	6	5	5
Dollar amount formula <sup>3</sup> .....	29	5	13	52
No alternative formula .....	28	5	12	50
Dollar amount alternative <sup>3</sup> .....	1	-	( <sup>4</sup> )	1
Percent of contributions alternative .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Percent of contributions formula .....	1	( <sup>4</sup> )	( <sup>4</sup> )	2
No alternative formula .....	1	( <sup>4</sup> )	( <sup>4</sup> )	2

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Alternative formulas are generally designed to provide a minimum benefit for employees with short service or low earnings.

<sup>3</sup> Includes formulas based on dollar amounts for each year of service and schedules of benefits that vary by length of service.

<sup>4</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 50. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants in plans with percent of terminal earnings benefit formulas by type and amount of formula, medium and large firms, 1985**

Type and amount of formula <sup>2</sup>	Total	Provision for maximum benefit <sup>3</sup>		Provision for integration with Social Security benefit		Type and amount of formula <sup>2</sup>	Total	Provision for maximum benefit <sup>3</sup>		Provision for integration with Social Security benefit	
		Subject to maximum	Not subject to maximum	With integrated formula	Without integrated formula			Subject to maximum	Not subject to maximum	With integrated formula	Without integrated formula
<b>All participants</b>						<b>Technical and clerical</b>					
Total .....	100	100	100	100	100	Total .....	100	100	100	100	100
Flat percent per year of service .....	50	61	39	44	81	Flat percent per year of service .....	48	64	34	43	89
Less than 1.00 .....	( <sup>4</sup> )	-	1	-	3	Less than 1.00 .....	( <sup>4</sup> )	-	( <sup>4</sup> )	-	2
1.00-1.24 .....	6	5	6	( <sup>4</sup> )	38	1.00-1.24 .....	3	4	2	( <sup>4</sup> )	24
1.25-1.49 .....	5	1	10	4	16	1.25-1.49 .....	8	1	13	5	28
1.50-1.74 .....	24	31	17	25	18	1.50-1.74 .....	22	31	14	21	27
1.75-1.99 .....	5	7	3	6	-	1.75-1.99 .....	6	9	3	7	-
2.00-2.24 .....	7	14	1	7	6	2.00-2.24 .....	7	14	1	7	8
2.25 or greater .....	2	3	( <sup>4</sup> )	2	-	2.25 or greater .....	2	3	1	2	-
Percent per year varies .....	50	38	61	55	19	Percent per year varies .....	51	35	66	56	11
By service .....	18	14	22	18	19	By service .....	20	11	27	21	11
By earnings .....	25	22	28	30	-	By earnings .....	24	22	25	27	-
By age .....	1	-	3	2	-	By age .....	3	-	5	3	-
By earnings and service .....	5	2	8	6	-	By earnings and service .....	5	1	8	6	-
Other <sup>5</sup> .....	( <sup>4</sup> )	1	-	1	-	Other <sup>5</sup> .....	1	2	-	1	-
<b>Professional and administrative</b>						<b>Production</b>					
Total .....	100	100	100	100	100	Total .....	100	100	100	100	100
Flat percent per year of service .....	51	61	41	47	85	Flat percent per year of service .....	49	57	41	42	74
Less than 1.00 .....	( <sup>4</sup> )	-	1	-	3	Less than 1.00 .....	1	-	1	-	3
1.00-1.24 .....	5	5	4	( <sup>4</sup> )	36	1.00-1.24 .....	10	6	14	-	47
1.25-1.49 .....	3	1	6	3	7	1.25-1.49 .....	6	( <sup>4</sup> )	10	3	15
1.50-1.74 .....	27	31	24	27	33	1.50-1.74 .....	22	30	15	27	4
1.75-1.99 .....	7	8	6	8	-	1.75-1.99 .....	2	4	1	3	-
2.00-2.24 .....	7	13	2	7	8	2.00-2.24 .....	7	14	( <sup>4</sup> )	8	4
2.25 or greater .....	2	3	( <sup>4</sup> )	2	-	2.25 or greater .....	1	3	-	2	-
Percent per year varies .....	48	37	59	52	15	Percent per year varies .....	51	43	59	58	26
By service .....	17	13	22	18	15	By service .....	18	19	17	16	26
By earnings .....	27	23	31	30	-	By earnings .....	25	21	29	32	-
By age .....	1	-	1	1	-	By age .....	1	-	1	1	-
By earnings and service .....	3	2	5	4	-	By earnings and service .....	7	3	11	9	-
Other <sup>5</sup> .....	1	1	-	1	-	Other <sup>5</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )	-

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> If a plan contained more than one terminal earnings formula, a primary formula was selected and tabulated.

<sup>3</sup> These maximum provisions are independent of ERISA-imposed ceilings on pensions payable from defined benefit plans.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> Formula was a flat percentage of earnings, graded by length of service.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 51. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants in plans with terminal earnings formulas by definition of terminal earnings, medium and large firms, 1985**

Definition of terminal earnings	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Three years .....	12	13	11	10
Last 3 .....	1	2	2	( <sup>2</sup> )
High 3 .....	3	3	3	4
Of last 5 .....	1	1	1	( <sup>2</sup> )
Of last 10 .....	2	2	1	3
Of career .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
High consecutive 3 .....	7	8	7	7
Of last 5 .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-
Of last 10 .....	6	6	5	5
Of career .....	1	1	1	2
Five years .....	84	85	85	83
Last 5 .....	4	5	5	3
High 5 .....	11	9	11	12
Of last 10 .....	7	7	6	9
Of last 15 .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-
Of career .....	3	2	5	2
Other .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
High consecutive 5 .....	70	70	70	68
Of last 10 .....	55	55	53	58
Of last 15 .....	1	1	1	1
Of career .....	13	14	16	9
Other period <sup>3</sup> .....	4	2	4	7

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> Formulas based on earnings during period other than 3 or 5 years' service, or periods not immediately before retirement (for example, first 5 of last 10 years' service).

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 52. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants in plans with percent of career earnings benefit formulas by type and amount of formula, medium and large firms, 1985**

Type and amount of formula <sup>2</sup>	Total	Provision for maximum benefit <sup>3</sup>		Provision for integration with Social Security benefit		Type and amount of formula <sup>2</sup>	Total	Provision for maximum benefit <sup>3</sup>		Provision for integration with Social Security benefit	
		Subject to maximum	Not subject to maximum	With integrated formula	Without integrated formula			Subject to maximum	Not subject to maximum	With integrated formula	Without integrated formula
<b>All participants</b>						<b>Professional and administrative</b>					
Total .....	100	100	100	100	100	Total .....	100	100	100	100	100
Flat percent per year of service .....	31	20	32	11	92	Flat percent per year of service .....	38	17	40	10	92
Less than 1.00 .....	3	-	4	-	13	Less than 1.00 .....	4	-	4	-	10
1.00-1.24 .....	3	-	3	-	11	1.00-1.24 .....	2	-	2	-	5
1.25-1.49 .....	6	-	6	6	6	1.25-1.49 .....	4	-	4	4	3
1.50-1.74 .....	12	9	12	1	45	1.50-1.74 .....	24	9	25	2	66
1.75-1.99 .....	1	-	1	1	-	1.75-1.99 .....	( <sup>4</sup> )	-	( <sup>4</sup> )	1	-
2.00-2.24 .....	4	-	5	1	16	2.00-2.24 .....	3	-	3	( <sup>4</sup> )	8
2.25 or greater .....	2	11	1	2	-	2.25 or greater .....	2	8	2	3	-
Percent per year varies .....	68	80	67	89	4	Percent per year varies .....	60	83	58	90	3
By service .....	4	7	4	4	4	By service .....	4	10	4	5	3
By earnings .....	63	59	63	83	-	By earnings .....	55	62	54	83	-
By age .....	1	13	-	1	-	By age .....	1	11	-	1	-
Other <sup>5</sup> .....	1	-	1	-	5	Other <sup>5</sup> .....	2	-	2	-	5

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> If a plan contained more than one career earnings formula, a primary formula was selected and tabulated. Table includes plans with career earnings formulas that serve as an alternative to a terminal earnings formula.

<sup>3</sup> These maximum provisions are independent of ERISA-imposed ceilings on pensions payable from defined benefit plans.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> Formula was a flat percentage of earnings, graded by length of service.

NOTE: Data were insufficient to show technical-clerical and production workers separately. Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 53. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants in plans with dollar amount benefit formulas<sup>2</sup> by type and amount of formula, medium and large firms, 1985**

Type and amount of formula <sup>3</sup>	Total	Provision for maximum benefit <sup>4</sup>		Type and amount of formula <sup>3</sup>	Total	Provision for maximum benefit <sup>4</sup>	
		Subject to maximum	Not subject to maximum			Subject to maximum	Not subject to maximum
<b>All participants</b>				<b>Production</b>			
Total .....	100	100	100	Total .....	100	100	100
Flat monthly amount per year of service .....	66	74	64	Flat monthly amount per year of service .....	69	79	66
Less than \$5.00 .....	3	5	3	Less than \$5.00 .....	4	5	4
\$5.00-\$9.99 .....	10	14	9	\$5.00-\$9.99 .....	11	15	10
\$10.00-\$14.99 .....	16	23	14	\$10.00-\$14.99 .....	18	24	16
\$15.00-\$19.99 .....	28	10	33	\$15.00-\$19.99 .....	27	11	31
\$20.00-\$24.99 .....	4	8	3	\$20.00-\$24.99 .....	4	7	3
\$25.00-\$29.99 .....	2	9	( <sup>5</sup> )	\$25.00-\$29.99 .....	3	10	1
\$30.00 or greater .....	2	6	1	\$30.00 or greater .....	3	6	1
Amount per year varies by service ...	8	18	5	Amount per year varies by service ...	7	12	6
Amount per year varies by earnings .....	26	8	30	Amount per year varies by earnings .....	24	9	28

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Excludes plans with dollar amount formulas that serve as a minimum benefit alternative to a percent of earnings formula.

<sup>3</sup> If a plan contained more than one dollar amount formula, a primary formula was selected and tabulated.

<sup>4</sup> These maximum provisions are independent of ERISA-imposed ceilings on pensions payable from defined benefit plans.

<sup>5</sup> Less than 0.5 percent.

NOTE: Data were insufficient to show professional-administrative and technical-clerical workers separately. Because of rounding, sums of individual items may not equal totals.



**Table 54. Defined benefit pension plans: Percent of full-time participants by provision for integration of pension with Social Security benefit, medium and large firms, 1985**

Provision	Total <sup>2</sup>	Type of benefit formula <sup>3</sup>			Provision	Total <sup>2</sup>	Type of benefit formula <sup>3</sup>		
		Terminal earnings	Career earnings	Dollar amount			Terminal earnings	Career earnings	Dollar amount
<b>All participants</b>				<b>Technical and clerical</b>					
Total .....	100	100	100	100	Total .....	100	100	100	100
With integrated formula .....	61	89	75	1	With integrated formula .....	79	91	74	2
Offset by Social Security payment <sup>4</sup> .....	40	69	14	1	Offset by Social Security payment <sup>4</sup> .....	56	72	24	2
Based on service <sup>5</sup> .....	32	56	9	1	Based on service <sup>5</sup> .....	47	61	13	2
Not based on service <sup>6</sup> .....	8	13	5	-	Not based on service <sup>6</sup> .....	10	11	11	-
Dollar amount .....	( <sup>7</sup> )	( <sup>7</sup> )	-	-	Dollar amount .....	( <sup>7</sup> )	( <sup>7</sup> )	-	-
Percent of payment .....	8	13	5	-	Percent of payment .....	10	11	11	-
Pure excess <sup>8</sup> .....	2	4	2	-	Pure excess <sup>8</sup> .....	3	4	1	-
Step-rate excess <sup>9</sup> .....	25	28	63	-	Step-rate excess <sup>9</sup> .....	27	26	52	-
Integrated with a Social Security breakpoint .....	10	11	24	-	Integrated with a Social Security breakpoint .....	14	12	27	-
Integrated with a specific dollar breakpoint .....	15	16	39	-	Integrated with a specific dollar breakpoint .....	14	13	25	-
Without integrated formula .....	39	11	25	99	Without integrated formula .....	21	9	26	98
<b>Professional and administrative</b>				<b>Production</b>					
Total .....	100	100	100	100	Total .....	100	100	100	100
With integrated formula .....	82	92	65	2	With integrated formula .....	39	84	88	-
Offset by Social Security payment <sup>4</sup> .....	55	70	12	2	Offset by Social Security payment <sup>4</sup> .....	23	63	9	-
Based on service <sup>5</sup> .....	44	57	7	2	Based on service <sup>5</sup> .....	18	49	8	-
Not based on service <sup>6</sup> .....	11	14	5	-	Not based on service <sup>6</sup> .....	5	15	1	-
Dollar amount .....	( <sup>7</sup> )	( <sup>7</sup> )	-	-	Dollar amount .....	( <sup>7</sup> )	( <sup>7</sup> )	-	-
Percent of payment .....	11	13	5	-	Percent of payment .....	5	15	1	-
Pure excess <sup>8</sup> .....	3	5	1	-	Pure excess <sup>8</sup> .....	2	4	2	-
Step-rate excess <sup>9</sup> .....	33	28	54	-	Step-rate excess <sup>9</sup> .....	19	28	80	-
Integrated with a Social Security breakpoint .....	15	13	24	-	Integrated with a Social Security breakpoint .....	6	8	21	-
Integrated with a specific dollar breakpoint .....	19	15	31	-	Integrated with a specific dollar breakpoint .....	14	20	59	-
Without integrated formula .....	18	8	35	98	Without integrated formula .....	61	16	12	100

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Includes plans with benefit formulas based on a percent of employee or employer contributions.

<sup>3</sup> If a plan contained more than one benefit formula based on terminal earnings, career earnings, or dollar amounts, each integrated formula was tabulated. Participants were included as under nonintegrated formulas only if none of the formulas was integrated.

<sup>4</sup> Benefit as calculated by formula is reduced by portion of primary Social Security payment.

<sup>5</sup> Offset is equal to the product of a percent of primary Social Security payments and the participant's years of service with the employer. A maximum offset is frequently applied, for example, 50 percent.

<sup>6</sup> Benefit formula includes a reduction by a specified percent of pri-

mary Social Security payments or a specific dollar amount. Although generally offsets of up to 83.33 percent are permitted by the Internal Revenue Service for plan qualification, offsets in excess of 50 percent are uncommon.

<sup>7</sup> Less than 0.5 percent.

<sup>8</sup> Formula does not apply to earnings subject to FICA (Social Security) taxes or below a specific dollar breakpoint.

<sup>9</sup> Formula applies lower benefit rate to earnings subject to FICA (Social Security) taxes or below a specific dollar breakpoint.

NOTE: Sums of individual items may not equal totals either because of rounding or because more than one benefit formula within a plan was integrated. Dash indicates no employees in this category.

**Table 55. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by maximum benefit provisions,<sup>2</sup> medium and large firms, 1985**

Maximum benefit provision	Total <sup>3</sup>	Type of benefit formula <sup>4</sup>			Maximum benefit provision	Total <sup>3</sup>	Type of benefit formula <sup>4</sup>		
		Terminal earnings	Career earnings	Dollar amount			Terminal earnings	Career earnings	Dollar amount
<b>All participants</b>					<b>Technical and clerical</b>				
Total .....	100	100	100	100	Total .....	100	100	100	100
Subject to maximum .....	40	58	8	26	Subject to maximum .....	46	56	15	26
Limit on years of credited service .....	34	51	8	19	Limit on years of credited service .....	41	51	14	19
Less than 20 .....	2	1	1	2	Less than 20 .....	3	2	1	( <sup>5</sup> )
20 .....	1	1	2	1	20 .....	1	1	4	3
21-24 .....	( <sup>6</sup> )	-	-	( <sup>6</sup> )	21-24 .....	( <sup>6</sup> )	-	-	( <sup>6</sup> )
25 .....	2	3	2	2	25 .....	4	4	2	5
26-29 .....	( <sup>6</sup> )	2	-	-	26-29 .....	1	( <sup>6</sup> )	-	-
30 .....	12	18	2	6	30 .....	15	18	4	6
31-34 .....	1	2	-	2	31-34 .....	2	2	-	2
35 .....	10	12	-	3	35 .....	11	16	-	2
36-39 .....	1	5	( <sup>6</sup> )	( <sup>6</sup> )	36-39 .....	1	1	-	-
40 .....	5	8	1	3	40 .....	6	7	2	2
More than 40 .....	( <sup>6</sup> )	-	1	-	More than 40 .....	( <sup>6</sup> )	-	-	-
Other maximum <sup>6</sup> .....	8	10	3	9	Other maximum <sup>6</sup> .....	8	8	4	8
Not subject to maximum .....	60	42	92	74	Not subject to maximum .....	54	44	85	74
<b>Professional and administrative</b>					<b>Production</b>				
Total .....	100	100	100	100	Total .....	100	100	100	100
Subject to maximum .....	47	61	8	29	Subject to maximum .....	32	58	5	26
Limit on years of credited service .....	41	55	8	19	Limit on years of credited service .....	26	47	4	19
Less than 20 .....	3	1	1	5	Less than 20 .....	1	-	1	1
20 .....	1	( <sup>6</sup> )	2	( <sup>6</sup> )	20 .....	2	1	( <sup>6</sup> )	2
25 .....	3	3	2	2	25 .....	2	1	( <sup>6</sup> )	2
26-29 .....	1	1	-	-	26-29 .....	( <sup>6</sup> )	( <sup>6</sup> )	-	-
30 .....	15	19	1	6	30 .....	9	19	1	4
31-34 .....	1	1	-	( <sup>6</sup> )	31-34 .....	2	2	-	2
35 .....	12	19	-	( <sup>6</sup> )	35 .....	8	15	-	4
36-39 .....	1	1	-	-	36-39 .....	( <sup>6</sup> )	( <sup>6</sup> )	-	( <sup>6</sup> )
40 .....	7	9	1	5	40 .....	4	8	-	2
More than 40 .....	( <sup>6</sup> )	-	1	-	More than 40 .....	( <sup>6</sup> )	-	1	-
Other maximum <sup>6</sup> .....	10	10	2	11	Other maximum <sup>6</sup> .....	8	12	2	9
Not subject to maximum .....	53	39	92	71	Not subject to maximum .....	68	42	95	74

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> These maximum provisions are independent of ceilings on pensions payable from defined benefit plans imposed by the Employee Retirement Income Security Act.

<sup>3</sup> Includes plans with benefit formulas based on a percent of employee or employer contributions.

<sup>4</sup> If a plan contained more than one benefit formula based on terminal earnings, career earnings, or dollar amounts, each formula containing a maximum benefit provision was tabulated. Participants were included as under formulas without maximum benefit provisions only if none of the formulas contained a maximum.

<sup>5</sup> Less than 0.5 percent.

<sup>6</sup> The benefit yielded under the formula is limited to either a percent of terminal or career earnings, often coordinated with primary Social Security payments, or to a flat dollar amount.

NOTE: Sums of individual items may not equal totals because more than one benefit formula within a plan may have a maximum benefit provision. Also, some benefit formulas contain a limit on years of credited service and another maximum provision. Dash indicates no employees in this category.

**Table 56. Defined benefit pension plans: Average replacement rates for specified final earnings and years of service,<sup>2</sup> medium and large firms, 1985**

Final annual earnings	Years of service						
	10	15	20	25	30	35	40
<b>Private pension only</b>							
<b>All participants</b>							
\$15,000 .....	10.9	16.0	21.2	26.4	31.4	35.9	39.8
\$20,000 .....	9.8	14.4	19.1	23.8	28.3	32.3	35.7
\$25,000 .....	9.5	14.1	18.6	23.2	27.6	31.3	34.5
\$30,000 .....	9.5	14.1	18.6	23.1	27.3	30.8	33.7
\$35,000 .....	9.6	14.2	18.7	23.1	27.3	30.8	33.7
\$40,000 .....	9.6	14.3	18.8	23.2	27.4	30.8	33.6
<b>Professional and administrative</b>							
\$15,000 .....	10.6	15.5	20.5	25.4	30.3	34.6	38.3
\$20,000 .....	10.1	14.8	19.6	24.4	29.0	33.0	36.4
\$25,000 .....	10.3	15.2	20.0	24.8	29.5	33.5	36.7
\$30,000 .....	10.6	15.7	20.7	25.6	30.3	34.3	37.4
\$35,000 .....	10.9	16.2	21.4	26.4	31.1	35.0	38.1
\$40,000 .....	11.2	16.7	21.9	27.0	31.8	35.8	38.8
<b>Technical and clerical</b>							
\$15,000 .....	10.6	15.6	20.6	25.7	30.5	34.8	38.5
\$20,000 .....	10.2	15.0	19.8	24.7	29.3	33.4	36.7
\$25,000 .....	10.4	15.4	20.4	25.3	29.9	33.9	37.2
\$30,000 .....	10.7	15.9	21.0	26.1	30.7	34.6	37.9
\$35,000 .....	11.0	16.4	21.6	26.8	31.4	35.3	38.5
\$40,000 .....	11.3	16.8	22.2	27.4	32.1	36.0	39.1
<b>Production</b>							
\$15,000 .....	11.2	16.5	22.0	27.3	32.5	37.2	41.3
\$20,000 .....	9.4	13.9	18.4	23.0	27.4	31.3	34.8
\$25,000 .....	8.7	12.8	17.0	21.2	25.2	28.8	31.8
\$30,000 .....	8.3	12.2	16.2	20.0	23.8	27.1	30.0
\$35,000 .....	8.0	11.9	15.7	19.4	22.9	26.0	28.6
\$40,000 .....	7.9	11.6	15.3	18.9	22.3	25.2	27.7
<b>Combined private pension and primary<sup>3</sup> Social Security benefit</b>							
<b>All participants</b>							
\$15,000 .....	52.5	57.6	62.8	68.0	73.0	77.5	81.4
\$20,000 .....	48.2	52.8	57.5	62.2	66.7	70.7	74.1
\$25,000 .....	42.3	46.8	51.4	55.9	60.3	64.1	67.2
\$30,000 .....	37.6	42.2	46.7	51.1	55.4	59.0	62.0
\$35,000 .....	34.0	38.6	43.1	47.6	51.7	55.2	58.1
\$40,000 .....	31.1	35.8	40.3	44.7	48.9	52.3	55.1
<b>Professional and administrative</b>							
\$15,000 .....	52.2	57.1	62.1	67.0	71.9	76.2	79.9
\$20,000 .....	48.5	53.2	58.0	62.8	67.4	71.4	74.7
\$25,000 .....	43.0	47.9	52.7	57.6	62.3	66.2	69.4
\$30,000 .....	38.6	43.8	48.8	53.7	58.4	62.3	65.5
\$35,000 .....	35.4	40.7	45.8	50.8	55.5	59.4	62.5
\$40,000 .....	32.7	38.2	43.4	48.6	53.4	57.3	60.3
<b>Technical and clerical</b>							
\$15,000 .....	52.2	57.2	62.2	67.3	72.1	76.4	80.1
\$20,000 .....	48.5	53.4	58.2	63.1	67.7	71.7	75.1
\$25,000 .....	43.1	48.2	53.1	58.1	62.7	66.6	69.9
\$30,000 .....	38.7	44.0	49.1	54.1	58.8	62.7	65.9
\$35,000 .....	35.4	40.9	46.1	51.2	55.9	59.8	62.9
\$40,000 .....	32.8	38.4	43.7	48.9	53.6	57.5	60.6

See footnotes at end of table.

**Table 56. Defined benefit pension plans:<sup>1</sup> Average replacement rates for specified final earnings and years of service,<sup>2</sup> medium and large firms, 1985—Continued**

Final annual earnings	Years of service						
	10	15	20	25	30	35	40
<b>Combined private pension and primary<sup>3</sup> Social Security benefit</b>							
<b>Production</b>							
\$15,000 .....	52.8	58.1	63.6	68.9	74.1	78.8	82.9
\$20,000 .....	47.8	52.2	56.8	61.4	65.8	69.7	73.2
\$25,000 .....	41.5	45.6	49.7	53.9	58.0	61.5	64.5
\$30,000 .....	36.3	40.3	44.2	48.1	51.9	55.2	58.0
\$35,000 .....	32.5	36.3	40.1	43.8	47.4	50.4	53.1
\$40,000 .....	29.4	33.1	36.8	40.4	43.8	46.8	49.2

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Retirement annuity as a percent of earnings in the final year of work. The maximum private pension available to an employee, not reduced for early retirement or joint-and-survivor annuity, was calculated under each pension plan using the earnings and service assumptions shown. This benefit level was then expressed as a percent of earnings in the last year of employment.

These calculations assume employees retired on January 1, 1985, and final earnings are for 1984. Earnings histories, necessary for

applying the pension formulas, were constructed for each final earnings level based on data provided by the Social Security Administration.

For private pension formulas that are integrated with Social Security (see table 54) and for computation of Social Security benefits, the worker is assumed to have retired at age 65 and paid into Social Security for 40 years. Computations exclude 1 percent of participants in plans with benefits based on career contributions.

<sup>3</sup> Excludes benefits for spouses and other dependents.

**Table 57. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by minimum age and associated service requirements for normal retirement,<sup>2</sup> medium and large firms, 1985**

Age and service requirements <sup>3</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants	Age and service requirements <sup>3</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100	Age 61 .....	1	1	1	1
No age requirement .....	14	7	11	20	No service requirement .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Less than 30 years' service .....	( <sup>4</sup> )	-	-	( <sup>4</sup> )	20 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1
30 years' service .....	14	7	11	19	26-29 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	1	( <sup>4</sup> )
More than 30 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1	Age 62 .....	22	24	24	20
Less than age 55 .....	( <sup>4</sup> )	-	-	( <sup>4</sup> )	No service requirement .....	4	5	5	2
30 years' service .....	( <sup>4</sup> )	-	-	( <sup>4</sup> )	5 years' service .....	1	1	1	( <sup>4</sup> )
Age 55 .....	4	6	1	3	10 years' service .....	11	10	9	13
20 years' service .....	1	5	( <sup>4</sup> )	( <sup>4</sup> )	11-14 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
30 years' service .....	2	1	1	3	15 years' service .....	2	3	3	( <sup>4</sup> )
More than 30 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	20 years' service .....	2	2	2	3
Age 56-59 .....	2	1	1	3	25 years' service .....	1	( <sup>4</sup> )	1	( <sup>4</sup> )
15 years' service .....	( <sup>4</sup> )	-	-	1	30 years' service .....	2	2	3	1
20 years' service .....	( <sup>4</sup> )	-	( <sup>4</sup> )	1	Age 63-64 .....	1	1	3	( <sup>4</sup> )
More than 30 years' service .....	1	1	1	2	No service requirement .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-
Age 60 .....	14	16	16	11	10 years' service .....	1	1	3	( <sup>4</sup> )
No service requirement .....	4	4	4	3	Age 65 .....	33	30	32	35
1-5 years' service .....	( <sup>4</sup> )	1	( <sup>4</sup> )	( <sup>4</sup> )	No service requirement .....	29	28	30	30
10 years' service .....	4	3	3	4	1-4 years' service .....	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )
15 years' service .....	1	2	1	( <sup>4</sup> )	5 years' service .....	1	1	1	2
20 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	1	( <sup>4</sup> )	10 years' service .....	2	1	2	3
25 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	1	( <sup>4</sup> )	Sum of age plus service <sup>5</sup> .....	10	14	11	6
30 years' service .....	3	4	4	3	Equals less than 80 .....	2	3	3	1
More than 30 years' service .....	1	2	2	( <sup>4</sup> )	Equals 80 .....	1	1	( <sup>4</sup> )	1
					Equals 85 .....	4	7	3	3
					Equals 90 .....	2	2	3	1
					Equals 91-94 .....	1	1	1	1
					Equals 95 or more .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Normal retirement is defined as the point at which the participant could retire and immediately receive all accrued benefits by virtue of service and earnings, without reduction due to age.

<sup>3</sup> If a plan had alternative age and service requirements, the earliest age and associated service were tabulated; if one alternative did not specify an age, it was the requirement tabulated.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> In some plans, participants must also satisfy a minimum age or service requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 58. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by minimum age and associated service requirements for early retirement,<sup>2</sup> medium and large firms, 1985**

Age and service requirements <sup>3</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants	Age and service requirements <sup>3</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100	Age 56-59 .....	1	2	1	1
Participants in plans permitting early retirement .....	97	98	98	97	15 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-
No age requirement .....	4	7	2	3	30 years' service .....	1	2	1	1
Less than 30 years' service .....	( <sup>4</sup> )	1	( <sup>4</sup> )	( <sup>4</sup> )	Age 60 .....	7	2	3	12
30 years' service .....	4	6	2	3	No service requirement .....	( <sup>4</sup> )	( <sup>4</sup> )	1	( <sup>4</sup> )
Less than age 55 .....	8	4	13	7	1-5 years' service .....	( <sup>4</sup> )	-	-	1
No service requirement .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	10 years' service .....	4	2	2	7
5 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	15 years' service .....	2	1	( <sup>4</sup> )	3
10 years' service .....	3	2	4	2	20 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
15 years' service .....	1	1	1	( <sup>4</sup> )	Age 62 .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	1
20 years' service .....	1	1	( <sup>4</sup> )	( <sup>4</sup> )	10 years' service .....	( <sup>4</sup> )	-	( <sup>4</sup> )	1
25 years' service .....	4	( <sup>4</sup> )	7	4	20 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Age 55 .....	67	72	70	63	Sum of age plus service <sup>5</sup> .....	10	10	10	9
No service requirement .....	9	10	8	9	Equals 70 or less .....	2	4	4	1
1-4 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	1	( <sup>4</sup> )	Equals 75 .....	1	1	1	( <sup>4</sup> )
5 years' service .....	3	5	4	1	Equals 76-79 .....	1	1	2	1
6-9 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-	Equals 80 .....	1	1	1	( <sup>4</sup> )
10 years' service .....	43	44	43	42	Equals 85 .....	4	2	2	7
11-14 years' service .....	( <sup>4</sup> )	1	( <sup>4</sup> )	( <sup>4</sup> )	Equals 90 or more .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-
15 years' service .....	8	9	10	7	Participants in plans without early retirement .....	3	2	2	3
20 years' service .....	3	3	4	3					
25 years' service .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )					

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Early retirement is defined as the point at which a worker could retire and immediately receive accrued benefits based on service and earnings but reduced for each year prior to normal retirement age.

<sup>3</sup> If a plan had alternative age and service requirements, the earliest age and associated service were tabulated; if one alternative did not specify an age, it was the requirement tabulated.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> In some plans, participants must also satisfy a minimum age or service requirement.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

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**Table 59. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants in plans permitting early retirement by reduction factor for immediate start of payments, medium and large firms, 1985**

Reduction for each year prior to normal retirement age	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Uniform percentage <sup>2</sup> .....	49	44	50	51
Less than 3.0 .....	2	4	1	2
3.0 .....	10	10	11	9
3.1-3.9 .....	2	3	2	2
4.0 .....	7	7	8	6
4.1-4.9 .....	3	2	2	5
5.0 .....	7	8	11	5
5.1-5.9 .....	( <sup>3</sup> )	-	-	( <sup>3</sup> )
6.0 .....	14	7	14	19
6.7 .....	2	( <sup>3</sup> )	1	3
6.8-7.1 .....	( <sup>3</sup> )	( <sup>3</sup> )	1	( <sup>3</sup> )
7.2 .....	1	1	( <sup>3</sup> )	1
7.3 or more .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Percentage varies by age .....	49	50	49	49
Reduction differs for each year of early retirement <sup>4</sup> .....	13	11	11	15
Reduction differs by age bracket <sup>5</sup> .....	36	39	38	34
Percentage varies by service .....	2	6	1	( <sup>3</sup> )
Other basis <sup>6</sup> .....	( <sup>3</sup> )	-	-	( <sup>3</sup> )

<sup>1</sup> Excludes supplemental pension plans.  
<sup>2</sup> In specific cases, uniform percentage reductions may approximate actuarial reductions, such as early retirement at age 55 with a 6 percent a year reduction between age 55 and the plan's normal retirement age of 62.  
<sup>3</sup> Less than 0.5 percent.  
<sup>4</sup> Reduction schedule is related to actuarial assumptions of the life expectancy at age that pension payments begin.  
<sup>5</sup> Rate of reduction is held constant within age brackets, but differs among brackets, sometimes in approximation of an actuarial table. For example, benefits may be reduced by 6.7 percent for each year between age 60 and the plan's normal retirement age, and by 3.3 percent for each year retirement precedes age 60. Also includes some plans which reduce benefits arithmetically for each year immediately below normal retirement age and actuarially below a specified age, usually 55.  
<sup>6</sup> Reduced benefit was not derived from normal retirement formula.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

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**Table 60. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by provisions for disability retirement, medium and large firms, 1985**

Characteristic	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Percent of participants in plans with disability retirement benefits .....	85	82	81	88
<b>Minimum requirements for disability retirement</b>				
Total .....	100	100	100	100
No age or service .....	16	18	19	13
Age only .....	( <sup>2</sup> )	-	1	( <sup>2</sup> )
Service only .....	54	45	39	66
Age and service .....	10	7	10	11
Meets qualification for long-term disability benefits .....	20	30	32	10
<b>Benefit provisions</b>				
Total .....	100	100	100	100
Immediate disability retirement <sup>3</sup> .....	60	43	41	79
Unreduced normal formula <sup>4</sup> .....	47	33	32	61
Reduced normal formula <sup>5</sup> .....	6	5	3	7
Other than normal formula <sup>6</sup> .....	8	5	6	11
Deferred disability retirement .....	40	57	59	21
With benefits based on:				
Service when disabled .....	7	7	9	6
Service plus credit to early retirement date or later .....	32	48	49	15
Service with some credit .....	1	1	1	( <sup>2</sup> )

<sup>1</sup> Excludes supplemental pension plans.  
<sup>2</sup> Less than 0.5 percent.  
<sup>3</sup> Immediate disability pensions may be supplemented by additional allowances until an employee reaches a specified age or becomes eligible for Social Security.  
<sup>4</sup> The disabled worker's pension is computed under the plan's normal benefit formula and is paid as if retirement had occurred on the plan's normal retirement date, either based on years of service actually completed or projected to a later date.  
<sup>5</sup> The disabled worker's pension is computed under the plan's normal benefit formula, based on years of service actually completed, and then reduced for early receipt.  
<sup>6</sup> The disabled worker's benefit is not computed by the plan's normal benefit formula. The methods used include flat amount benefits, dollar amount formulas, percent of unreduced normal benefits less Social Security, and percent of earnings formulas both with and without Social Security offsets.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 61. Defined benefit pension plans: Percent of full-time participants by provision for credit for service after age 65, medium and large firms, 1985**

Type of credit	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
No credit for service .....	61	65	68	56
Pension deferred with no change in amount .....	54	57	58	50
Pension deferred, but increased actuarially .....	5	5	6	4
Pension deferred, but increased by percent per additional year of service <sup>2</sup> .....	2	3	3	1
Pension begins at age 65 .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Credit for service, with no actuarial increase for later retirement age <sup>4</sup> ..	37	33	31	43
All service credited .....	18	14	16	20
Service credited to specified maximum age .....	19	17	14	22
Service credited to specified maximum years of service .....	1	2	1	( <sup>3</sup> )
Credit for service, with actuarial increase for later retirement age <sup>5</sup> ..	1	2	1	2
All service credited .....	1	1	1	1
Service credited to specified maximum age .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Service credited to specified maximum years of service .....	( <sup>3</sup> )	-	-	( <sup>3</sup> )

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> The pension amount computed at age 65 is increased by a specified percent (not part of the benefit formula) for each year the employee remains active.

<sup>3</sup> Less than 0.5 percent.

<sup>4</sup> Additional service is included in the benefit formula, but the pension is not increased for later retirement date.

<sup>5</sup> Additional service is included in the benefit formula and the pension is increased for later retirement date.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 62. Defined benefit pension plans: Percent of full-time participants in plans granting ad hoc postretirement annuity increases,<sup>2</sup> medium and large firms, 1985**

Characteristics	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Percent of participants in plans with at least one postretirement increase in the 1980-84 period ...	41	39	39	43
<b>Number of increases granted in past 5 years</b>				
Total .....	100	100	100	100
One .....	51	58	64	42
Two .....	21	19	15	24
Three .....	10	10	12	10
Four .....	11	7	5	15
Five or more .....	5	3	2	8
Data not available .....	2	3	2	1
<b>Provision for minimum increase in most recent adjustment</b>				
Total .....	100	100	100	100
No minimum .....	81	76	75	86
With minimum .....	17	22	22	13
Monthly dollar amount .....	17	21	21	13
\$5.00 .....	1	3	2	( <sup>1</sup> )
\$6.00-\$9.00 .....	( <sup>1</sup> )	1	( <sup>1</sup> )	( <sup>1</sup> )
\$10.00 .....	8	9	8	7
\$11.00-\$14.00 .....	1	( <sup>1</sup> )	( <sup>1</sup> )	1
\$15.00 .....	3	3	5	2
\$20.00 .....	1	2	1	1
\$25.00 .....	2	1	2	3
More than \$25.00 .....	1	2	2	-
Percent of present benefit .....	( <sup>1</sup> )	1	1	-
Greater of a monthly dollar amount or a percent of present benefit .....	( <sup>1</sup> )	1	( <sup>1</sup> )	( <sup>1</sup> )
Not determinable .....	2	2	3	1
<b>Provision for maximum increase in most recent adjustment</b>				
Total .....	100	100	100	100
No maximum .....	74	72	69	78
With maximum .....	24	26	28	20
Monthly dollar amount .....	6	7	7	5
\$100.00 or less .....	3	4	4	2
\$101.00-\$150.00 .....	1	2	2	1
\$151.00-\$200.00 .....	( <sup>1</sup> )	1	( <sup>1</sup> )	-
More than \$200.00 .....	1	1	1	2
Percent of present benefit .....	18	19	20	16
Less than 10 .....	8	5	10	9
10-14 .....	6	9	6	4
15-19 .....	1	2	1	( <sup>1</sup> )
30 or more .....	3	3	3	3
Greater of a monthly dollar amount or a percent of present benefit .....	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Not determinable .....	2	2	3	1

See footnotes at end of table.



**Table 62. Defined benefit pension plans: Percent of full-time participants in plans granting ad hoc postretirement annuity increases,<sup>1</sup> medium and large firms, 1985—Continued**

Characteristics	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
<b>Benefit formula for most recent increase</b>				
Total .....	100	100	100	100
Flat increase .....	36	36	38	36
Monthly dollar amount .....	3	1	( <sup>2</sup> )	6
Less than \$10.00 .....	1	-	-	2
\$10.00 .....	1	-	-	1
\$15.01-\$20.00 .....	1	( <sup>2</sup> )	( <sup>2</sup> )	1
More than \$20.00 .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1
Varies by date of retirement .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Percent of present benefit .....	33	36	38	29
Less than 5.0 .....	7	6	8	6
5.0 .....	2	1	1	2
5.1-7.4 .....	2	2	1	1
7.5-9.9 .....	3	4	3	2
10.0 .....	1	3	2	( <sup>2</sup> )
10.1-14.9 .....	1	1	1	1
15.0 .....	1	1	1	1
More than 15.0 .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
Varies by date of retirement .....	17	18	21	14
Type of flat increase not determinable .....	( <sup>2</sup> )	-	-	1
Increase per year of retirement .....	37	42	44	31
Monthly dollar amount .....	1	2	1	1
Percent of present benefit .....	36	40	43	31
Less than 2.0 .....	7	6	7	7
2.0 .....	5	5	5	5
2.1-2.4 .....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	-
3.0 .....	4	5	6	2
4.0 .....	1	( <sup>2</sup> )	3	1
4.1-4.9 .....	10	10	13	8
5.0 .....	5	6	4	5
6.0 .....	2	3	3	( <sup>2</sup> )
More than 6.0 .....	( <sup>2</sup> )	-	-	( <sup>2</sup> )
Varies by date of retirement .....	3	5	3	3
Increase per year of service .....	21	15	12	29
Monthly dollar amount .....	20	14	11	28
Less than \$.50 .....	2	-	( <sup>2</sup> )	4
\$.50 .....	3	4	3	3
\$1.00 .....	3	2	2	4
\$1.01-\$1.99 .....	4	1	2	5
\$2.00 .....	1	1	1	1
More than \$2.00 .....	1	2	1	10
Varies by date of retirement .....	6	4	2	1
Percent of present benefit .....	1	2	( <sup>2</sup> )	1
Combination of two or more benefit formulas .....	4	4	3	3
Type of formula not determinable .....	1	2	3	( <sup>2</sup> )

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Unscheduled increases in pension payments for employees retiring prior to 1985. Excludes one-time lump sum payments.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 63. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by type of vesting schedule, medium and large firms, 1985**

Type of vesting schedule	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total <sup>2</sup> .....	100	100	100	100
Cliff vesting, <sup>3</sup> with full vesting after:				
10 years of service at any age ...	69	64	59	76
10 years of service after age 18 .....	7	11	9	4
10 years of service after age 19 or later <sup>4</sup> .....	10	8	13	10
Other <sup>5</sup> .....	2	2	1	2
Graduated vesting, <sup>6</sup> with full vesting after:				
15 years of service <sup>7</sup> .....	3	3	4	2
Other <sup>8</sup> .....	10	11	13	7
Vesting provision not determinable ..	1	2	1	( <sup>6</sup> )

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Because plans may adopt alternative vesting schedules, sums of participants covered by individual vesting schedules may exceed 100 percent.

<sup>3</sup> Under a cliff vesting schedule, an employee is not entitled to any benefits accrued under a pension plan until satisfying the requirement for 100 percent vesting. The Employee Retirement Income Security Act (ERISA) specifies 10 years as the maximum requirement for this form of vesting.

<sup>4</sup> The Retirement Equity Act of 1984 requires that sponsors of most pension plans count years of service completed after age 18 towards satisfaction of minimum vesting requirements. For noncollectively bargained plans, this requirement takes effect for plan years beginning on or after January 1, 1985. However, collectively bargained plans need not comply until the earlier of: (1) the expiration date of the collective bargaining agreement, or (2) January 1, 1987.

<sup>5</sup> Includes both participants in plans containing vesting schedules more liberal than ERISA standards and, for graduated vesting, in plans adopting other ERISA standards.

<sup>6</sup> Graduated vesting schedules give an employee rights to a gradually increasing share of accrued pension benefits, determined by years of service and eventually reaching 100 percent vesting status.

<sup>7</sup> Participants in this group were in plans that adopted ERISA's longest time span for graduated vesting, which calls for 25 percent vesting with 5 years of service, with the vested percentage increasing 5 percentage points each year for 5 succeeding years, then 10 percentage points for each of the next 5 years. Thus, 15 years is the maximum requirement for this form of vesting.

<sup>8</sup> Less than 0.5 percent.

**Table 64. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by provision for postretirement survivor annuity, medium and large firms, 1985**

Type of annuity for surviving spouse	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Spouse's share of joint-and-survivor annuity <sup>2</sup> only .....	91	94	94	87
50 percent of retiree's pension ...	19	15	17	22
51-99 percent of retiree's pension .....	5	4	2	7
100 percent of retiree's pension .	2	2	2	1
Alternative percentages at retiree's option .....	65	74	72	57
Spouse's share of joint-and-survivor annuity plus portion of retiree's pension .....	1	1	( <sup>3</sup> )	2
Portion of retiree's accrued pension only .....	8	5	6	10

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> An annuity that provides income during the lifetime of both the retiree and the surviving spouse. The accrued pension will usually be actuarially reduced at retirement because of the longer length of time that payments are expected to be made. ERISA requires that plans provide this annuity as an automatic form of pension payment. Employees and their spouses must waive the spouse annuity in writing if they desire a pension during the employee's lifetime only or another option offered by the plan, such as guarantee of payments for a specified period.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 65. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by provision for preretirement survivor annuity, medium and large firms, 1985**

Type of annuity for surviving spouse	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Preretirement survivor annuity provided	100	100	100	100
Equivalent of joint and survivor annuity <sup>2</sup> .....	72	71	68	75
Based on early retirement <sup>3</sup> .....	67	65	61	70
Less than 50 percent of employee pension .....	( <sup>4</sup> )	-	-	( <sup>4</sup> )
At extra employee cost <sup>5</sup> .....	( <sup>4</sup> )	-	-	( <sup>4</sup> )
50 percent of employee pension .....	51	49	47	54
At extra employee cost <sup>5</sup> .....	14	14	11	14
51-99 percent of employee pension .....	8	5	5	11
At extra employee cost <sup>5</sup> .....	1	( <sup>4</sup> )	( <sup>4</sup> )	1
100 percent of employee pension .....	3	5	4	3
At extra employee cost <sup>5</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	-
Alternative percentages of pension at employee's option .....	4	6	5	3
At extra employee cost <sup>5</sup> .....	1	1	1	1
Based on normal retirement <sup>6</sup> .....	6	6	7	5
At extra employee cost <sup>5</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )
Portion of accrued employee benefit .....	25	24	30	22
Reduced for early retirement .....	14	13	17	13
Unreduced for early retirement .....	8	9	11	7
Based on service projected to normal retirement date .....	2	2	2	2
Other annuity <sup>7</sup> .....	3	4	3	3
No preretirement survivor annuity provided <sup>8</sup> .....	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )	( <sup>4</sup> )

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> The spouse annuity is computed as if the employee had retired with a joint-and-survivor annuity. That is, the accrued pension is first reduced because of the longer length of time that payments were expected to be made to both the retiree and the surviving spouse. The spouse's share is then the specified percent of the reduced amount.

<sup>3</sup> Survivor annuity is based upon the benefit the employee would have received if early retirement had occurred on the date of death.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> Plan reduces the accrued employee pension benefit for each year survivor protection is in force.

<sup>6</sup> Survivor annuity is based on the benefit the employee would

have received if eligible for normal retirement on the date of death.

<sup>7</sup> Includes annuity based on a dollar amount formula or percent of earnings.

<sup>8</sup> The Retirement Equity Act of 1984 requires that most pension plans provide an automatic annuity for the surviving spouse of an employee with vested benefits at the time of death. For noncollectively bargained plans, this requirement takes effect for plan years beginning on or after January 1, 1985. However, collectively bargained plans need not comply until the earlier of: (1) the expiration date of the collective bargaining agreement, or (2) January 1, 1987.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 66. Defined benefit pension plans:<sup>1</sup> Percent of full-time participants by age and length-of-service requirements for participation,<sup>2</sup> medium and large firms, 1985**

Age and service requirement provisions <sup>3</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
<b>Minimum requirement</b>				
Total .....	100	100	100	100
With minimum age and/or service requirement .....	59	59	67	54
Service requirement only .....	23	21	23	24
3 months or less .....	1	( <sup>4</sup> )	( <sup>4</sup> )	1
6 months .....	2	1	1	3
1 year .....	18	18	19	18
2 years .....	( <sup>4</sup> )	-	-	( <sup>4</sup> )
3 years .....	1	( <sup>4</sup> )	1	1
Over 3 years .....	1	1	2	1
Age 20 or less .....	1	1	1	( <sup>4</sup> )
1-11 months of service .....	( <sup>4</sup> )	( <sup>4</sup> )	1	( <sup>4</sup> )
1 year .....	( <sup>4</sup> )	1	( <sup>4</sup> )	( <sup>4</sup> )
Age 21 .....	15	21	20	10
No service requirement .....	2	2	2	1
1-6 months of service .....	1	1	1	1
1 year <sup>5</sup> .....	13	19	17	8
Age 22 or greater .....	19	16	24	19
No service requirement .....	1	2	2	1
1-11 months of service .....	1	1	1	1
1 year .....	17	14	21	18
Without minimum age and/or service requirement .....	40	39	30	45
Age and service requirement not determinable .....	2	2	2	1
<b>Maximum age requirement</b>				
Total .....	100	100	100	100
With maximum age limitation <sup>6</sup> .....	61	68	69	54
Without maximum age limitation .....	39	32	31	46

<sup>1</sup> Excludes supplemental pension plans.

<sup>2</sup> Excludes maximum 6-month administrative time lags allowed by ERISA. Most plans with time lags adopt the beginning of designated 6-month periods as participation dates.

<sup>3</sup> If a plan had alternate participation requirements, one of which was service only, the service only requirement was tabulated.

<sup>4</sup> Less than 0.5 percent.

<sup>5</sup> The Retirement Equity Act of 1984 requires that, for plan years beginning on or after January 1, 1985, nearly all plans must allow participation to full-time employees who have reached age 21 and who have completed one year of service. Collectively bargained plans need not comply until the earlier of: (1) the expiration date of the collective bargaining agreement, or (2) January 1, 1987.

<sup>6</sup> ERISA legislation permits plan administrators to impose a maximum age for participation. Maximum age must be within 5 years of the plan's normal retirement date.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

## Chapter 6. Defined Contribution Plans

Fifty-three percent of the employees within the scope of the 1985 survey (two-thirds of the white-collar workers and two-fifths of the blue-collar workers) participated in one or more defined contribution plans.<sup>26</sup> These plans, which are wholly or partly financed by employers, are designed to provide retirement income or asset accumulation, or both. Accordingly, for the purposes of this survey, BLS classified all defined contribution plans into one of two categories: Retirement plans or capital accumulation plans. Retirement plans, as defined in this study, do not allow withdrawal of employer contributions until retirement age, death, disability, separation from service, age 59 1/2, or hardship. Capital accumulation plans, on the other hand, impose less stringent restrictions for withdrawal of employer contributions. Examples of these less stringent restrictions include permitting only 1 or 2 withdrawals per year, or imposing a service requirement of 2 or 5 years before withdrawal.<sup>27</sup>

Of the 92 percent of employees participating in retirement (including defined benefit pension) or capital accumulation plans, 71 percent were in retirement plans only, 20 percent in both retirement and capital accumulation plans, and 1 percent in capital accumulation plans only (table 67).

As noted in chapter 5, 8 of 10 employees in medium and large firms participated in a defined benefit pension plan. But when defined contribution retirement plans are considered along with defined benefit pension plans, retirement coverage rises to 91 percent of employees.

Whether for retirement or capital accumulation, defined contribution plans usually specify a contribution

rate by the employer, but not a formula for determining benefits, as in a defined benefit pension plan. Instead, individual accounts are set up for participants, and benefits are based on amounts credited to these accounts, plus investment earnings.

As shown in table 68, various types of defined contribution plans are available for retirement and capital accumulation purposes: 27 percent of the employees participated in savings and thrift plans, 24 percent in employee stock ownership plans, 18 percent in profit sharing plans, 4 percent in money purchase pension plans, and 1 percent in stock bonus plans.<sup>28</sup> Another 3 percent of the employees were either currently purchasing company stock, through payroll deductions, at less than market price (stock purchase plans) or were eligible to purchase stock in the future at a designated price (stock option plans). Many employees participated in more than one defined contribution plan (table 69).

Nearly seven-tenths of the participants in defined contribution retirement plans had their benefits wholly financed by the employer. In contrast, capital accumulation plans were jointly financed for 84 percent of the participants. A large majority of capital accumulation plans were savings and thrift plans, which involve employer matching of employee contributions.

Defined contribution plans typically supplement a defined benefit or money purchase pension plan. For example, 93 percent of the participants in savings and thrift plans and employee stock ownership plans (ESOPs), respectively, were also covered by a pension plan. Because savings and thrift plans and ESOPs are relatively recent developments, they have largely been introduced into medium and large firms which already had pension plans. However, half of the participants in profit sharing plans did not have a pension plan. From the opposite point of view, half of the employees with pension plans also had one or more defined contribution plans. White-collar workers were more likely than

<sup>26</sup>The 41-percent figure cited in the April 24, 1986 news release, "Retirement Coverage Widespread in Medium and Large Firms, 1985," USDL: 86-166, applied only to defined contribution retirement plans, as defined later in this paragraph.

<sup>27</sup>BLS used these definitions for analytic purposes, but it should be noted that most defined contribution plans can be used to provide retirement income or accumulate financial assets. Capital accumulation plans may provide retirement income, because withdrawals of the employer's contributions are voluntary, not mandatory. Similarly, defined contribution retirement plans can be used to accumulate assets, because these plans nearly always permit pre-retirement withdrawals of the employer's contributions (for example, at age 59 1/2, upon termination of employment prior to retirement, or upon disability). Many of these plans also permit employees to receive a lump sum, rather than an annuity, upon retirement.

<sup>28</sup>A money purchase pension plan provides for a pension annuity or other form of retirement income that is determined by fixed contribution rates plus earnings credited to the employee's account. A stock bonus plan is a plan whereby the employer or the employee and the employer jointly contribute to a trust fund which invests in various securities. Proceeds from the investments are usually paid to the employees in the form of company stock. Savings and thrift, employee stock ownership, and profit sharing plans are described later in this chapter.

blue-collar workers to receive a defined contribution plan in addition to a pension. While five-eighths of white-collar workers with pensions also had a defined contribution plan, three-eighths of blue-collar workers had such coverage.

### Salary reduction plans (table 70)

For the first time, the 1985 survey developed information on salary reduction or 401(k) plans that allow participants to reduce their current taxable income by channeling part of their salary to retirement plans. As provided under section 401(k) of the Internal Revenue Code, income taxes on these employee contributions, as well as on earnings of invested funds, are deferred until moneys are eventually distributed. Consequently, such contributions are referred to as being made with "pre-tax" dollars.

Twenty-six percent of all employees within the scope of the 1985 survey were in plans with 401(k) features. Thirty-seven percent of the white-collar and 14 percent of the blue-collar employees participated. Two-thirds of all participants (white- and blue-collar combined) could elect to make their 401(k) contributions to an existing savings and thrift plan where the employer matched at least part of the employee's contribution; the remaining one-third of the participants were in freestanding 401(k) plans (no employer contribution) (13 percent), profit sharing plans (16 percent), and money purchase pension plans (4 percent).<sup>29</sup>

From a different perspective, 42 percent of all participants in defined contribution plans could make tax-deferred (pre-tax) contributions to their plan. The incidence, again, was higher for white-collar (49 percent) than for blue-collar (30 percent) employees.<sup>30</sup>

### Savings and thrift plans

Just over one-fourth of all employees participated in savings and thrift plans, the highest participation rate among the defined contribution plans studied. These plans were much more prevalent among white-collar workers (39 and 33 percent, respectively, for professional and administrative employees and technical and clerical employees), than among blue-collar workers (17 percent). Under these plans, employees contribute a predetermined portion of earnings to an account, all or part of which is matched by the employer. These funds are invested in various ways, such as stocks, bonds, and money market funds as directed by the employee or employer, depending upon the provisions of the plan.

<sup>29</sup> Estimates in this paragraph differ from the preliminary figures cited in the April 24, 1986, news release, "Retirement Coverage Widespread in Medium and Large Firms, 1985," USDL: 86-166.

<sup>30</sup> The survey determined the number of employees actually contributing to freestanding 401(k) plans. It also determined the number participating in employer-financed plans allowing employee contributions with pre-tax dollars, but not the number of employees actually making such contributions.

Although usually designed as a long-term savings program, savings and thrift plans allow for withdrawals subject to specified conditions and possibly, penalties.

Eighty-six percent of the participants had to meet an age and/or service requirement prior to joining the plan (table 71). Seventy percent were required only to meet a service requirement, most commonly 1 year.

*Employee contributions (tables 72-73).* Savings and thrift plans allow the employee to choose from a range of possible contribution rates. A typical plan allows employees to contribute (in whole percentages) anywhere from 2 to 16 percent of their income to the plan. One-third of the participants could contribute up to 16 percent of their earnings; 10 percent and 12 percent were other common maximums.

Two-thirds of the participants in savings and thrift plans were allowed to make pre-tax contributions, as permitted by section 401(k) of the Internal Revenue Code. Thirty-six percent were given the option to contribute either pre-tax or post-tax earnings, while 30 percent were required to make contributions on a pre-tax, salary reduction basis. A majority of participants in plans mandating pre-tax contributions, however, were required to contribute only an initial amount pre-tax. For example, a plan may allow a maximum contribution of 16 percent with only the first 6 percent required on a pre-tax basis.

*Employer matching contributions (table 74).* Employers provide an incentive for participation in a savings and thrift plan by matching all or a portion of the employee contribution and adding this amount to the employee's account. Usually the employer matches a portion of the employee's contribution up to a specified percent. For example, the most common provision found in the 1985 survey was for an employer to match 50 percent of the employee's contribution up to the first 6 percent. Assuming the employee contributed 8 percent of earnings, the employer would add 3 percent (50 percent of the first 6 percent of the employee contribution). In contrast with these straight percentage matches, one-fifth of the participants received matching contribution rates varying by length of service, level of employee contribution, or company profits.

*Investment decisions (table 75).* Nine-tenths of the participants in savings and thrift plans were allowed to choose how they wanted their own contributions invested. Common investment vehicles offered by these plans included company stock, common stock funds, guaranteed investment contracts, government securities, corporate bonds, and money market funds. The number of choices in these plans varied from two to five or more, with three choices being the most common. Employees were nearly always allowed to split their contributions among the various options offered

and were allowed to change their investment choices periodically.

Employees generally had less flexibility when it came to employer contributions. Only about one-half of the participants were permitted to choose how the matching contribution was to be invested. Where no choice was permitted, the plan typically specified that the matching contribution was invested in company stock.

*Vesting (table 76).* Savings and thrift plans are subject to ERISA vesting rules in the same manner as pension plans. However, employers usually design savings and thrift plans with more rapid vesting provisions. One-fourth of all participants were fully vested immediately, and most plans provided for full vesting at retirement, death (for employee's survivors), or disability regardless of age or service. Class year vesting is the most common method among savings and thrift plans. In these plans, contributions for a particular year (class) become nonforfeitable after a specified period of time—usually 2 or 3 years. For example, employer contributions made during 1985 would not vest until 1988. All vesting schedules apply only to the employer's contribution, because employee contributions are always 100 percent vested.

*Withdrawals and loans (table 77).* Eight-tenths of the participants in savings and thrift plans were allowed to withdraw all or a portion of employer contributions prior to normal payout (retirement, disability, or termination of employment). One-fifth, however, were only allowed to withdraw employer contributions for hardship reasons (medical, educational, home improvements, etc.). Three-fifths of the participants could withdraw for any reason. Half of the participants who could withdraw for any reason were subject to a penalty—usually suspension of employer and employee contributions for 6 or 12 months.

The ability of the participants to withdraw their own contributions prior to retirement, death, disability, age 59 1/2, or termination of employment depends upon whether the money was contributed pre-tax or post-tax. Pre-tax 401(k) contributions are subject to IRS regulations and can only be withdrawn for hardship. Post-tax contributions are not subject to IRS hardship rules, and many plans allow these amounts to be withdrawn for any reason. However, a penalty in the form of a 6- or

12-month suspension from further contributions to the plan is common.

Loan provisions applied to one-sixth of the participants, with one-half eligible for loans from their account for any reason. Customarily, interest rates were set by a specified economic indicator (U.S. Treasury bill, prime rate, etc.) or at the discretion of the plan sponsor.

*Distribution (table 78).* At retirement, savings and thrift plans virtually always allowed for payout in the form of a lump sum, lifetime annuity, or installments over a specified time period. Many participants were given a choice from among two or all three of these options.

### **Employee stock ownership plans (ESOPs)**

One-fourth of all employees in medium and large firms participated in an ESOP.<sup>31</sup> These plans, funded entirely by the employer, provide employees with stock in their company. The employer pays a designated amount to a fund which is invested primarily in company stock and makes benefit distributions in either company stock or cash. The vast majority of participants in ESOPs were in payroll-based plans (PAYSOPs). Companies receive a tax credit of up to 0.5 percent of the plan participants' payroll, for funds used to purchase company stock to distribute to the participants' accounts. Current law allows for these tax credits through 1987.

### **Profit sharing plans**

Eighteen percent of all employees had profit sharing plans in 1985. There are three types of profit sharing plans—cash plans (covering 1 percent of the workers), deferred plans (14 percent), and plans that offer a combination of cash and deferred benefits (3 percent). In a cash plan, benefits are paid directly to the participants in cash, usually at the end of the year, while a deferred plan holds money in employee accounts until retirement or another condition stipulated by the plan (disability, death, etc.). In a combined plan, the employee usually has an option to take a portion of the profits in cash and put the rest into a deferred account. Twenty-two percent of participants in profit sharing plans could make voluntary pre-tax 401(k) contributions to the plan.

<sup>31</sup> This proportion is limited to plans where stock was credited to employee accounts during 1985.

**Table 67. Retirement and capital accumulation plan coverage: Percent of full-time employees by participation in retirement plans and capital accumulation plans, medium and large firms, 1985**

Type of plan	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Covered by retirement or capital accumulation plan .....	92	94	94	90
Retirement <sup>1</sup> only .....	71	65	68	77
Capital accumulation <sup>2</sup> only .....	1	1	( <sup>3</sup> )	( <sup>3</sup> )
Retirement and capital accumulation .....	20	28	25	13
Not covered by retirement or capital accumulation plan .....	8	6	6	10

<sup>1</sup> Includes defined benefit pension plans and defined contribution plans such as money purchase pension, profit sharing, savings and thrift, stock bonus, and employee stock ownership plans in which employer contributions must remain in the participant's account until retirement age, death, disability, separation from service, age 59 1/2, or hardship.

<sup>2</sup> Includes plans in which employer contributions may be withdrawn from participant's account prior to retirement age, death, disability, separation from service, age 59 1/2, or hardship. Excludes pure cash profit sharing, stock option, and stock purchase plans.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 68. Defined contribution and stock plans: Percent of full-time employees participating by type of plan, medium and large firms, 1985**

Type of plan	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Money purchase pension .....	4	5	5	2
Savings and thrift .....	27	39	33	17
Profit sharing <sup>1</sup> .....	18	19	22	16
Immediate cash only .....	1	2	2	1
Deferred benefits only .....	14	15	17	13
Combination .....	3	3	5	3
Employee stock ownership .....	24	29	28	19
Payroll based employee stock ownership .....	22	27	26	18
Other .....	2	2	3	1
Stock bonus .....	1	1	1	( <sup>3</sup> )
Stock option and stock purchase .....	3	3	3	2

<sup>1</sup> The total may be less than the sum of the individual items because some employees participate in more than one type of profit sharing plan.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 69. Retirement and capital accumulation plans: Percent of full-time participants by combinations of plans, medium and large firms, 1985**

Type of plan	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Defined benefit or money purchase pension .....	89	90	91	88
With:				
No other plan .....	45	33	35	57
Profit sharing <sup>1</sup> .....	5	6	9	2
Savings and thrift .....	15	22	19	9
Stock <sup>2</sup> .....	9	10	11	8
Profit sharing <sup>1</sup> and savings .....	( <sup>3</sup> )	1	1	( <sup>3</sup> )
Profit sharing <sup>1</sup> and stock <sup>2</sup> .....	4	3	4	4
Savings and stock <sup>2</sup> .....	11	15	12	8
Two or more stock <sup>2</sup> plans .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Other combinations .....	1	1	1	( <sup>3</sup> )
Profit sharing <sup>1</sup> .....	9	8	7	11
With:				
No other plan .....	7	5	5	9
Savings and thrift .....	1	1	1	1
Stock <sup>2</sup> .....	1	1	1	1
Savings and stock <sup>2</sup> .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Two or more stock <sup>2</sup> plans .....	( <sup>3</sup> )	1	1	( <sup>3</sup> )
Savings and thrift .....	1	2	1	( <sup>3</sup> )
With:				
No other plan .....	1	2	1	( <sup>3</sup> )
Stock <sup>2</sup> .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Stock <sup>2</sup> plan .....	( <sup>3</sup> )	1	1	( <sup>3</sup> )
With:				
No other plan .....	( <sup>3</sup> )	1	1	( <sup>3</sup> )

<sup>1</sup> Excludes pure cash profit sharing plans.

<sup>2</sup> Employee Stock Ownership Plans (ESOPs), including Payroll Based Employee Stock Ownership Plans (PAYSOPs), and stock bonus plans.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.



**Table 70. Salary reduction plans: Percent of full-time employees participating in plans permitting employee contributions with pre-tax dollars -- section 401(k) plans, medium and large firms, 1985**

Item	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Percent of all employees in plans with 401(k) features .....	26	40	34	14
<b>Type of 401(k) Plan</b>				
Total .....	100	100	100	100
Free standing plan <sup>1</sup> .....	13	12	12	15
401(k) contributions are made to an existing: <sup>2</sup>				
Savings and thrift plan .....	68	72	63	66
Profit sharing plan .....	16	12	20	17
Money purchase plan .....	4	4	4	2

<sup>1</sup> Employer contributions are not made to the plan.

<sup>2</sup> Tabulations show percent of employees participating in plans to which they may make contributions with pre-tax dollars. Not all participants may elect to make such contributions.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 71. Savings and thrift plans: Percent of full-time participants by age and length-of-service requirements for participation, medium and large firms, 1985**

Age and service requirement provisions <sup>1</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With minimum age and/or service requirement .....	86	84	87	88
Service requirement only .....	70	69	70	73
3 months or less .....	8	9	8	7
6 months .....	6	8	6	5
1 year .....	48	46	46	54
2 years .....	4	3	6	5
25-35 months .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	-
3 years .....	2	2	4	2
Age 20 or less .....	4	4	4	5
No service requirement .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	-
1-11 months of service .....	2	2	2	2
1 year .....	2	2	3	2
Age 21 <sup>3</sup> .....	11	11	13	10
No service requirement .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
1-6 months of service .....	4	4	4	3
1 year .....	6	6	7	5
Over 1 year .....	1	1	2	1
Without minimum age and/or service requirement .....	14	16	13	12

<sup>1</sup> If a plan had alternate participation requirements, one of which was service only, the service only requirement was tabulated.

<sup>2</sup> Less than 0.5 percent.

<sup>3</sup> The Retirement Equity Act of 1984 requires that, for plan years beginning on or after January 1, 1985, nearly all plans must allow participation to full-time employees who have reached age 21 and who have completed one year of service. Plans may impose a service requirement of up to three years if the employee is vested immediately upon participation. Also, collectively bargained plans need not comply until the earlier of: 1) The expiration date of the collective bargaining agreement, or 2) January 1, 1987.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 72. Savings and thrift plans: Percent of full-time participants by maximum allowable employee contribution,<sup>1</sup> medium and large firms, 1985**

Maximum allowable contribution <sup>2</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Percent of employee earnings:				
Less than 5 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
5 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	1
6 percent .....	3	3	2	5
7-9 percent .....	2	2	2	2
10 percent .....	17	15	17	20
11 percent .....	3	3	4	1
12 percent .....	12	13	14	8
13-14 percent .....	6	5	6	6
15 percent .....	8	11	9	3
16 percent .....	32	30	31	37
17-19 percent .....	8	9	6	8
20 percent or greater .....	6	7	8	3
Specified dollar amount .....	2	( <sup>3</sup> )	1	5

<sup>1</sup> Includes contributions which may not be matched by the employer.  
<sup>2</sup> If maximum varied by participant's length of service, age, or both, the highest possible percentage was tabulated.  
<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 73. Savings and thrift plans: Percent of full-time participants by provisions for pre-tax employee contributions,<sup>1</sup> medium and large firms, 1985**

Item <sup>2</sup>	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Pre-tax contributions allowed .....	65	73	65	56
All contributions must be pre-tax .....	13	14	14	10
Maximum contribution is:				
5 percent .....	( <sup>3</sup> )	-	( <sup>3</sup> )	1
6 percent .....	1	1	1	( <sup>3</sup> )
8 or 9 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
10 percent .....	3	3	3	3
11 percent .....	1	1	1	1
12 percent .....	3	4	2	2
15 percent .....	2	3	2	1
16 percent .....	1	2	1	( <sup>3</sup> )
Greater than 16 percent .....	1	1	2	( <sup>3</sup> )
Specified dollar amount .....	1	-	1	2
Initial contributions must be pre-tax <sup>4</sup> .....	17	18	18	14
Maximum pre-tax contribution is:				
4 percent .....	1	1	1	-
5 percent .....	1	1	1	1
6 percent .....	4	4	3	4
7 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	1	-
8 or 9 percent .....	1	1	2	( <sup>3</sup> )
10 percent .....	4	4	4	5
12 percent .....	1	1	1	( <sup>3</sup> )
12.01 - 14.99 percent .....	2	2	1	2
15 percent .....	2	2	2	2
16 percent .....	1	1	2	1
Greater than 16 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	-	-
Contributions may be pre-tax at the employee's option <sup>5</sup> .....	36	41	33	32
Maximum pre-tax contribution is:				
Less than 5 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	-
5 percent .....	1	2	1	( <sup>3</sup> )
6 percent .....	6	5	6	8
7 percent .....	3	3	2	5
8 percent .....	3	6	3	1
9 percent .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
10 percent .....	4	4	4	4
12 percent .....	3	4	3	( <sup>3</sup> )
13 percent .....	1	1	1	2
14 percent .....	1	1	1	( <sup>3</sup> )
15 percent .....	2	3	2	( <sup>3</sup> )
16 percent .....	8	8	6	11
18 percent .....	1	2	1	-
Specified dollar amount .....	2	2	2	1
Pre-tax contributions not allowed .....	35	27	35	44

<sup>1</sup> Pre-tax contributions are allowed under section 401(k) of the Internal Revenue Code.  
<sup>2</sup> If maximum varied by participant's length-of-service, age, or both, the highest possible percentage was tabulated.  
<sup>3</sup> Less than 0.5 percent.  
<sup>4</sup> Contributions above the maximum pre-tax level are allowed on a post-tax basis.  
<sup>5</sup> In most plans, all contributions may be either pre-tax or post-tax at the employee's option. In some, however, an initial contribution must be on a pre-tax basis, with a choice between pre-tax and post-tax contributions for higher amounts. In these cases, the largest percentage available for pre-tax contributions has been tabulated.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 74. Savings and thrift plans: Percent of full-time participants by provision for employer matching contributions, medium and large firms, 1985**

Employee earnings to be matched <sup>1</sup>	Total	Matching percentage <sup>2</sup>					
		25 percent	50 percent	75 percent	100 percent	Other fixed percentages	Varies <sup>3</sup>
<b>All participants</b>							
Total .....	100	3	53	6	9	10	19
Up to the first:							
2 percent .....	1	-	( <sup>4</sup> )	-	( <sup>4</sup> )	-	1
3 percent .....	6	1	1	-	2	-	2
4 percent .....	5	1	3	( <sup>4</sup> )	1	-	( <sup>4</sup> )
5 percent .....	14	( <sup>4</sup> )	5	1	2	2	4
6 percent .....	52	2	27	1	3	7	11
7 percent .....	5	-	3	1	-	1	-
8 percent .....	5	-	3	1	( <sup>4</sup> )	-	1
9 percent .....	( <sup>4</sup> )	-	-	-	-	( <sup>4</sup> )	( <sup>4</sup> )
10 percent .....	3	( <sup>4</sup> )	2	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )
Greater than 10 percent .....	1	-	-	( <sup>4</sup> )	1	-	( <sup>4</sup> )
Specified dollar amount .....	9	-	8	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )
<b>Professional and administrative</b>							
Total .....	100	3	45	8	11	16	16
Up to the first:							
2 percent .....	( <sup>4</sup> )	-	( <sup>4</sup> )	-	( <sup>4</sup> )	-	-
3 percent .....	4	( <sup>4</sup> )	1	-	2	-	1
4 percent .....	4	( <sup>4</sup> )	2	( <sup>4</sup> )	1	-	1
5 percent .....	17	( <sup>4</sup> )	6	1	3	3	4
6 percent .....	54	2	27	1	4	12	9
7 percent .....	6	-	3	3	-	1	-
8 percent .....	9	-	5	3	( <sup>4</sup> )	-	1
9 percent .....	( <sup>4</sup> )	-	-	-	-	( <sup>4</sup> )	( <sup>4</sup> )
10 percent .....	3	( <sup>4</sup> )	1	1	-	( <sup>4</sup> )	( <sup>4</sup> )
Greater than 10 percent .....	1	-	-	-	1	-	( <sup>4</sup> )
Specified dollar amount .....	1	-	-	-	( <sup>4</sup> )	-	( <sup>4</sup> )
<b>Technical and clerical</b>							
Total .....	100	3	56	5	12	8	15
Up to the first:							
2 percent .....	2	-	1	-	1	-	-
3 percent .....	5	( <sup>4</sup> )	( <sup>4</sup> )	-	3	-	2
4 percent .....	6	1	3	( <sup>4</sup> )	1	-	( <sup>4</sup> )
5 percent .....	13	( <sup>4</sup> )	5	1	2	2	3
6 percent .....	52	2	31	1	4	4	9
7 percent .....	4	-	2	2	-	1	-
8 percent .....	4	-	2	1	( <sup>4</sup> )	-	( <sup>4</sup> )
9 percent .....	1	-	-	-	-	1	-
10 percent .....	3	( <sup>4</sup> )	2	( <sup>4</sup> )	-	( <sup>4</sup> )	( <sup>4</sup> )
Greater than 10 percent .....	1	-	-	-	1	-	( <sup>4</sup> )
Specified dollar amount .....	10	-	10	( <sup>4</sup> )	( <sup>4</sup> )	-	( <sup>4</sup> )
<b>Production</b>							
Total .....	100	5	59	2	3	6	24
Up to the first:							
2 percent .....	2	-	( <sup>4</sup> )	-	-	-	2
3 percent .....	8	2	3	-	1	-	2
4 percent .....	4	1	3	-	( <sup>4</sup> )	-	( <sup>4</sup> )
5 percent .....	10	( <sup>4</sup> )	5	( <sup>4</sup> )	( <sup>4</sup> )	1	5
6 percent .....	48	2	23	1	2	5	14
7 percent .....	5	-	5	-	-	( <sup>4</sup> )	-
8 percent .....	2	-	1	-	( <sup>4</sup> )	-	1
9 percent .....	( <sup>4</sup> )	-	-	-	-	( <sup>4</sup> )	-
10 percent .....	3	-	3	( <sup>4</sup> )	-	-	-
Greater than 10 percent .....	( <sup>4</sup> )	-	-	-	( <sup>4</sup> )	-	-
Specified dollar amount .....	18	-	17	1	-	-	-

<sup>1</sup> Employee may contribute a percent of salary up to a specified maximum (see table 72); ceilings on contributions to be matched by employers generally are lower. If the maximum varied by participant's length-of-service, age, or both, the highest possible percentage was tabulated.

<sup>2</sup> The percentage of matchable employee contributions added by employers. Some plans specified a maximum annual employer contribution.

<sup>3</sup> Includes percentages which vary by length of service, level of employee contribution, and company profits.

<sup>4</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 75. Savings and thrift plans: Percent of full-time participants by provisions for investment of employer and employee contributions, medium and large firms, 1985**

Characteristic	All participants		Professional and administrative participants		Technical and clerical participants		Production participants	
	Employer contributions	Employee contributions	Employer contributions	Employee contributions	Employer contributions	Employee contributions	Employer contributions	Employee contributions
Total in plans permitting investment choices by employees <sup>1</sup> .....	48	90	56	92	45	91	39	85
<b>Investment choices</b>								
Total .....	100	100	100	100	100	100	100	100
Company stock .....	61	70	64	70	50	65	66	74
Common stock fund .....	85	74	84	82	87	74	84	65
Corporate bonds .....	34	30	26	29	38	32	45	30
Diversified mix of stocks and bonds .....	13	13	13	16	13	13	11	10
Government securities .....	42	35	47	41	35	28	39	32
Guaranteed investment contracts .....	64	71	73	72	62	71	52	69
Money market funds .....	23	21	22	25	26	22	22	15
Other <sup>2</sup> .....	4	7	3	6	7	5	4	10
Investment choices not determinable .....	1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	2	1	( <sup>3</sup> )	( <sup>3</sup> )
<b>Number of choices</b>								
Total .....	100	100	100	100	100	100	100	100
Two .....	20	26	17	16	21	29	26	37
Three .....	44	39	43	41	48	40	41	36
Four .....	24	26	30	34	18	22	17	20
Five or more .....	12	9	9	9	11	9	15	8
Investment choices not determinable .....	1	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	2	1	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> Excludes plans which limit investment options to participants age 55 or greater.

<sup>2</sup> Includes purchases of life insurance or annuities, real estate, mortgages, and deposits in credit union or savings accounts.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

**Table 76. Savings and thrift plans: Percent of full-time participants by type of vesting schedule, medium and large firms, 1985**

Type of vesting schedule	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total <sup>1</sup> .....	100	100	100	100
Immediate full vesting .....	25	23	27	26
Cliff vesting, <sup>2</sup> with full vesting after: ..	12	12	12	13
1-2 years .....	3	3	3	4
3-4 years .....	2	3	2	( <sup>3</sup> )
5 years .....	4	2	2	6
More than 5 years .....	3	3	5	2
Graduated vesting, <sup>4</sup> with full vesting after: .....	28	28	30	24
4 or fewer years .....	4	6	4	1
5 years .....	16	18	18	11
6-9 years .....	4	2	3	8
10 years .....	3	2	5	1
More than 10 years .....	1	1	( <sup>3</sup> )	2
Class vesting, <sup>5</sup> with each class fully vested after: .....	37	39	34	38
1 year .....	3	2	2	4
2 years .....	20	18	20	23
3 years .....	10	14	8	6
More than 3 years .....	5	4	4	6

<sup>1</sup> Because plans may adopt alternative vesting schedules, sums of participants covered by individual vesting schedules may exceed 100 percent.

<sup>2</sup> Under a cliff vesting schedule, an employee is not entitled to any benefits accrued under the plan until satisfying the requirements for 100 percent vesting.

<sup>3</sup> Less than 0.5 percent.

<sup>4</sup> Graduated vesting schedules give an employee rights to a gradually increasing share of accrued benefits, determined by years of service and eventually reaching 100 percent vesting status.

<sup>5</sup> Under class year vesting, employers' contributions for a particular year (class) become nonforfeitable after satisfying vesting requirements. Subsequent years become fully vested as each class matures. Included here are class year schedules with both graduated and cliff vesting features.

**Table 77. Savings and thrift plans: Percent of full-time participants by provisions for withdrawal of employer contributions prior to disability, retirement, or termination of employment, medium and large firms, 1985**

Least restrictive provision	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
With withdrawal provisions .....	80	82	81	78
For hardship reasons <sup>1</sup> .....	19	19	22	17
Full withdrawal, no penalty ....	13	12	16	10
Full withdrawal, with penalty ..	3	3	2	4
Partial withdrawal, no penalty ..	1	1	1	-
Partial withdrawal, with penalty ..	( <sup>3</sup> )	( <sup>3</sup> )	1	-
Not determinable .....	3	2	2	3
For any reason .....	61	63	59	61
Full withdrawal, no penalty ....	29	28	28	32
Full withdrawal, with penalty ..	30	32	29	28
Partial withdrawal, no penalty ..	1	1	1	-
Not determinable .....	1	1	2	( <sup>3</sup> )
Without withdrawal provisions .....	20	18	19	22

<sup>1</sup> Commonly expressed reasons for withdrawal were: purchase or repair of primary residence; education of an immediate family member; death or illness in the family; or sudden uninsured loss.

<sup>2</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals. Dash indicates no employees in this category.

**Table 78. Savings and thrift plans: Percent of full-time participants by method of distribution of account at retirement, medium and large firms, 1985**

Methods of distribution available	All participants	Professional and administrative participants	Technical and clerical participants	Production participants
Total .....	100	100	100	100
Cash distribution <sup>1</sup> .....	99	99	99	100
Lifetime annuity (including joint-and-survivor forms) .....	29	28	30	30
Installments .....	59	58	58	61
Lump sum .....	99	99	99	100
Stock distribution only <sup>2</sup> .....	1	1	1	( <sup>3</sup> )
Not determinable .....	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )

<sup>1</sup> The total is less than the sum of the individual items because many participants are offered optional forms of cash distribution.

<sup>2</sup> Employer and employee contributions are invested solely in company stock, which is automatically distributed upon retirement or termination of employment. Stock may also be distributed under plans providing for cash distributions.

<sup>3</sup> Less than 0.5 percent.

NOTE: Because of rounding, sums of individual items may not equal totals.

## Chapter 7. Other Benefits

In addition to the major benefits discussed in previous chapters, information was collected on a number of other benefit plans, such as subsidized meals, nonproduction bonuses, and recreation facilities. The data on these benefits show the percent of workers eligible for a specific benefit, but do not indicate the proportion of employees actually taking advantage of such benefits. Generally, benefits were provided to all or none of the workers in an employee group (professional and administrative, technical and clerical, or production workers) within an establishment (table 79).

Automobile parking (provided at no cost or below commercial rates) and full or partial payment of educational expenses were available to at least three-fourths of the employees. Travel accident insurance and employee discounts on purchases of the employer's goods or services covered half of the employees of each group. Among the benefits surveyed, eligibility was lowest for supplemental unemployment benefits, subsidized commuting to and from work, child care, prepaid legal services, and company-sponsored reimbursement accounts for payment of items such as medical expenses not covered by health insurance. Child care (full or partial defrayment of the cost of nursery, day care center, or babysitter for employee's children) was available to only 1 percent of the workers.

Incidence of several benefits differed markedly by employee group, with a larger proportion of professional-administrative employees usually covered. For

example, full or partial payment of relocation expenses for transferred or newly hired employees was available to four-fifths of the professional-administrative employees but to only two-fifths of the technical-clerical employees and one-fourth of the production employees. Severance pay was available to three-fifths of the white-collar employees, almost twice the proportion of blue-collar employees covered. Travel accident insurance, financial counseling, subsidized commuting, and company sponsored reimbursement accounts were other benefits almost twice as prevalent among white-collar employees as blue-collar employees. Only supplemental unemployment benefits and prepaid legal services were substantially more common among blue-collar employees than white-collar employees.

For two benefits, the data distinguish between full and partial defrayment of the cost of the benefit to the employee. Fully paid relocation allowances, more common among eligible white-collar employees—especially the professional-administrative occupational group, included payments for moving and interim living expenses, and the cost of breaking a lease or selling a house. Employees with partial reimbursement for education expenses outnumbered those with full reimbursement by nearly 5 to 3 for white-collar employees and 2 to 1 for blue-collar workers. Full educational assistance included total cost for books, tuition, and fees, but not necessarily for worktime lost due to attending courses.

**Table 79. Other benefits: Percent of full-time employees eligible for specified benefits, medium and large firms, 1985**

Benefit	All employees	Professional and administrative employees	Technical and clerical employees	Production employees
Total .....	100	100	100	100
Income continuation plans:				
Severance pay .....	45	61	57	31
Supplemental unemployment benefits .....	8	4	3	13
Transportation benefits:				
Parking .....	86	82	77	92
Subsidized commuting .....	5	8	7	3
Travel accident insurance .....	52	72	63	36
Gifts and cash bonuses:				
Gifts .....	14	14	14	14
Nonproduction bonuses .....	20	22	20	19
Financial and legal services:				
Financial counseling .....	11	13	14	8
Prepaid legal services .....	3	2	2	5
Miscellaneous benefits:				
Employee discounts .....	57	54	61	56
In-house infirmary .....	46	47	38	50
Company sponsored reimbursement account .....	4	6	5	2
Recreation facilities .....	33	37	31	32
Subsidized meals .....	21	26	26	16
Child care .....	1	2	1	1
Relocation allowance:				
Full defrayment of expenses ..	30	63	31	12
Partial defrayment of expenses .....	13	19	10	12
Educational assistance:				
Full defrayment of expenses ..	27	32	32	22
Partial defrayment of expenses .....	49	54	52	46

# Appendix A: Technical Note

## Scope of survey

This survey of the incidence and characteristics of employee benefit plans covers private sector establishments<sup>1</sup> in the United States, excluding Alaska and Hawaii, employing at least 50, 100, or 250 workers, depending on the industry. Industrial coverage includes: Mining; construction; manufacturing; transportation, communications, electric, gas, and sanitary services; wholesale trade; retail trade; finance, insurance, and real estate; and selected services (table A-1).

Establishments meeting the minimum size criteria as of the reference date of the sampling frame are included in the survey, even if they employed fewer workers at the time of data collection. Establishments found to be outside the industrial scope of the survey at the time of data collection are excluded.

Table A-1 shows the estimated number of establishments and employees within the scope of the survey and the number within the sample actually studied for each major industry division.

## Occupational groups

Data were collected individually for the following three broad occupational groups:

*Professional-administrative:* Includes occupations that require a foundation of knowledge in the theories, concepts, principles, and practices of a broad field of science, learning, administration, or management acquired through a college-level education or the equivalent in progressively responsible experience. Above entry levels, the exercise of a high degree of creativity, originality, analytical ability, and independent judgment to solve varied and complex problems in the field of work is characteristic.

*Technical-clerical:* Includes office and sales clerical, technical support, protective services, and other such occupations that do not require full knowledge of a professional or administrative field of work or the application of a high level of creativity, originality, ana-

lytical ability, or independent judgment. Job performance skills are typically acquired through on-the-job experience and/or specific training which is less than that usually represented by a baccalaureate degree. These skills include the application of a practical knowledge of established procedures, practices, precedents, and guidelines.

*Production:* Includes skilled, semiskilled, and unskilled trades; craft and production occupations; manual labor occupations; custodial occupations; and operatives.

Excluded from the survey are executive employees (defined as those whose decisions have direct and substantial effects on an organization's policymaking); part-time, temporary, and seasonal employees; and operating employees in constant travel status, such as airline flight crews and long-distance truckdrivers.

## Benefit areas

Sampled establishments were requested to provide data on work schedules and details of plans in each of the following benefit areas: Paid lunch periods, paid rest periods, paid holidays, paid vacations, paid personal leave, paid funeral leave, paid military leave, paid jury duty leave, paid sick leave, sickness and accident insurance, long-term disability insurance, health insurance, life insurance, and retirement and capital accumulation plans.

Data were also collected on the incidence of the following additional benefits: Severance pay, supplemental unemployment benefits, employee discounts, non-cash bonuses, nonproduction bonuses, relocation allowances, recreation facilities, subsidized meals, educational assistance, automobile parking, subsidized commuting, travel accident insurance, financial counseling, prepaid legal services, company sponsored reimbursement accounts, child care, and in-house infirmaries.

## Sampling frame

The scope of this survey was the same as that of the Bureau's 1985 National Survey of Professional, Administrative, Technical, and Clerical Pay (PATC). The list of establishments from which the sample was selected (called the sampling frame) was, therefore, the same as that developed for the 1985 PATC. This sampling frame was developed by refining data from the most recently available State Unemployment Insurance (UI) reports

<sup>1</sup> For this survey, an establishment is an economic unit which produced goods or services, a central administrative office, or an auxiliary unit providing support services to a company. In manufacturing industries, the establishment is usually a single physical location. In nonmanufacturing industries, all locations of an individual company within a Metropolitan Statistical Area (MSA) or within a nonmetropolitan county are usually considered an establishment.



**Table A-1. Estimated number of establishments and workers within scope of survey and number studied, medium and large firms, United States,<sup>1</sup> 1985**

Industry division <sup>2</sup>	Minimum employment in establishments within scope of survey	Number of establishments	Number of workers in establishments			
			Total <sup>3</sup>	Professional and administrative	Technical and clerical	Production
Within scope of survey <sup>4</sup>						
All industries .....	-	42,696	23,120,600	5,513,278	4,904,944	10,071,657
Manufacturing .....	<sup>5</sup> 100-250	17,700	11,644,567	2,721,391	1,654,133	6,943,863
Nonmanufacturing .....	-	24,994	11,476,032	2,791,887	3,250,811	3,127,794
Mining .....	250	557	475,911	102,819	54,436	315,776
Construction .....	250	587	258,545	73,116	57,841	73,628
Transportation, communications, electric, gas, and sanitary services .....	<sup>6</sup> 100-250	4,395	2,665,526	616,592	661,124	1,098,026
Wholesale trade .....	100	5,023	995,683	282,408	249,697	380,524
Retail trade .....	250	4,151	3,607,601	406,833	575,799	1,085,766
Finance, insurance, and real estate .....	100	6,861	2,594,474	847,044	1,375,302	129,937
Selected services <sup>7</sup> .....	<sup>8</sup> 50-100	3,419	878,292	463,075	276,611	44,137
Studied <sup>9</sup>						
All industries .....	-	1,325	4,283,802	1,189,825	952,324	1,820,688
Manufacturing .....	<sup>5</sup> 100-250	625	2,488,897	726,487	388,526	1,344,267
Nonmanufacturing .....	-	700	1,794,905	463,338	563,798	476,421
Mining .....	250	18	37,310	16,240	9,609	10,780
Construction .....	250	27	41,752	18,535	11,549	6,434
Transportation, communications, electric, gas, and sanitary services .....	<sup>6</sup> 100-250	162	881,672	211,535	228,817	339,747
Wholesale trade .....	100	91	36,633	13,389	11,167	10,461
Retail trade .....	250	142	365,160	38,218	78,157	95,127
Finance, insurance, and real estate .....	100	187	346,163	118,540	200,245	5,406
Selected services <sup>7</sup> .....	<sup>8</sup> 50-100	73	86,215	46,881	24,254	8,466

<sup>1</sup> Excludes Alaska and Hawaii.

<sup>2</sup> As defined in the 1972 edition of the Standard Industrial Classification Manual, U.S. Office of Management and Budget. Industry data are shown for informational purposes only and are subject to larger than normal sample error. See section on reliability of estimates.

<sup>3</sup> This figure includes out-of-scope workers. These workers—executive management, part time, temporary, seasonal, and operating personnel in constant travel status (e.g., airline pilots)—are excluded from the counts of employment by occupational group.

<sup>4</sup> Number of establishments and workers shown within the scope of the survey are estimates. These estimates differ from those developed in the 1985 PATC survey, since each is based on the findings of its respective survey.

<sup>5</sup> Minimum employment size was 100 for chemical and allied products; petroleum refining and related industries; machinery, except electrical; electrical machinery, equipment, and supplies; transportation equipment; and instruments and related products. Minimum size was 250 in all other

manufacturing industries.

<sup>6</sup> Minimum employment size was 100 for railroad transportation; local and suburban transit; deep sea foreign and domestic transportation; air transportation; communications; electric, gas, and sanitary services; and pipelines; and 250 for all other transportation industries. U.S. Postal Service is excluded from the survey.

<sup>7</sup> Limited to advertising; credit reporting and collection agencies; computer and data processing services; research and development laboratories; commercial testing laboratories; management and public relations services; engineering and architectural services; noncommercial research organizations; and accounting, auditing, and bookkeeping services.

<sup>8</sup> Minimum employment size was 50 for accounting, auditing, and bookkeeping services; and 100 in all other selected services.

<sup>9</sup> These figures refer to all respondents to the survey, whether or not they provided data for all items studied. See the section on survey response.

for the 48 States covered by the survey and the District of Columbia. The reference date of the available UI reports was generally March 1983. The refinement procedures included an effort to ensure that most sampling frame units corresponded to the definition of an establishment developed for this survey. (A small number of sampling frame units were not refined to correspond to the definition of an establishment because of limited company reporting ability.)

### Sample design

The sample for this survey was a subsample of the 1985 PATC sample to reduce the costs and resources

required for data collection. The sample of 1,509 establishments<sup>2</sup> was selected by first stratifying the sampling frame by broad industry group and establishment size group based on the total employment in the establishment. The industry groups consisted of the eight major industry divisions, as defined by the Office of Management and Budget, which are covered by the survey and shown in table A-1.

<sup>2</sup> The number of sample units selected in this survey is, at present, largely determined by resources and operational constraints and may be adjusted up or down in future surveys.

The establishment size groups are defined as follows:

<i>Employment size group</i>	<i>Establishment employment</i>
3.....	50-99
4.....	100-249
5.....	250-499
6.....	500-999
7.....	1,000-2,499
8.....	2,500-4,999
9.....	5,000-9,999
10.....	10,000 and over

The sample size was allocated to each stratum (defined by industry and size) approximately proportional to the total employment of all sampling frame establishments in the stratum. Thus, a stratum which contained 1 percent of the total employment within the scope of the survey received approximately 1 percent of the total sample. The result of this allocation procedure is that each stratum will have a sampling fraction (the ratio of the number of units in the sample to the number in the sampling frame) which is proportionate to the average measure of size of the units in the stratum.

A random sample was selected within each stratum using a probability technique to maximize the probability of retaining establishments which were selected in the 1984 survey.<sup>3</sup> This method of selection reduced collection costs by decreasing the number of new establishments in the sample.

### Data collection

Data for the survey were collected by visits of Bureau field representatives to the sampled establishments. To reduce the reporting burden, respondents provided documents to BLS describing their retirement and capital accumulation plans and plans covering the four insured benefit areas within the scope of the survey. These documents included employee handbooks, brochures, insurance policies, and summary plan descriptions that employers are required to provide to employees under ERISA. These were analyzed by BLS staff in Washington to obtain the required data on plan provisions. Data on paid leave and other benefits generally were obtained directly from the employers at the time of the visit.

Data were collected during the months of January through July, reflecting an average reference period of March 1985. Respondents were asked for information as of the time of the data collection visit.

### Data tabulation

The tables presented in this bulletin show the percent of employees who were covered by paid leave plans,

<sup>3</sup>This method modifies the method introduced by Nathan Keyfitz in "Sampling with Probabilities Proportional to Size: Adjusting for Changes in the Probabilities," *Journal of the American Statistical Association*, March 1951, pp. 105-9.

participated in insurance, retirement, or capital accumulation plans, or were eligible for other benefits. Except in table 79, counts of workers covered by benefit plans included those who had not met possible minimum length-of-service requirements at the time of the survey. Workers were counted as participants in employee benefit plans that require the employee to pay part of the cost only if they elected the plan and paid their share. Plans for which the employee paid the full premium were outside the scope of the survey, even if the employer paid administrative costs. When tabulating the effect of retirement on life insurance and health insurance coverage, however, cases where the retiree must pay the full cost of the insurance were counted since the guarantee of insurability at group rates is considered a benefit.

Most of the tables in this bulletin show the percent of workers covered by individual benefit plans or plan provisions. Percentages are calculated in three ways. One technique, followed in tables 1-4, 6, 8, 10-16, and 67-68, shows the number of covered workers as a percent of all workers within the scope of the survey. It is designed to show the incidence of the individual employee benefit.

A second approach is followed in tables 7, 9, 20-27, 39-40, 42-44, 47-49, 54-55, 57-58, 61, 63-66, 69-74, and 76-78. These tables show the number of workers covered by specific features in a benefit area as a percent of all employees who participate in that general benefit area. They also answer questions concerning the typical coverage provided to persons with a given insurance, retirement, or capital accumulation plan; for example, what percent of all employees with health insurance receive dental coverage?

The third approach provides a close look at an important feature (tables 21, 28-38, 41, 45-46, 50-53, and 59); for example, what percent of all employees with dental coverage in their health insurance are covered for orthodontic work? Tables 60, 62, 70, and 75 combine the second and third types above, indicating in the first row of data the percent of persons in the benefit area who have a particular coverage, while the remainder of the table is based on all employees with that coverage. Table 19 uses a similar approach.

This multilevel approach has the advantage of clearly pointing out typical benefit plan characteristics after the prevalence of the benefit has been established. Any of the second or third types of tables, if desired, can be converted to the first type by multiplying each data cell by the appropriate factors. For example, to calculate the percent of all employees with orthodontic coverage, multiply the percent of those with dental plans that cover orthodontia (table 33) by the percent of health insurance participants with dental coverage (table 26), and multiply that product by the percent of all employees who have health insurance coverage (table 1).

Tables 5, 17-18, and 56 differ from other tables because they display average benefit values rather than percentages of workers. These tables present the averages for all covered employees; calculations exclude workers without the benefit.

### Survey response

Each combination of occupational group and work schedule or benefit area (e.g., health insurance for production employees) was treated as an individual survey and separate estimates were developed for each. This treatment facilitated the use of partially completed establishment reports in the survey. Therefore, the actual number of responses for the survey varies for each combination.

The following summary is a composite picture of the establishment responses to the survey:

#### Number of establishments:

In sample .....	1,509
Out of business and out of scope .....	43
Refusing to respond .....	123
Nonresponse other refusal .....	18
Responding fully than partially .....	1,325

There are two procedures used to adjust for missing data from partial schedules and total refusals. First, imputations for the number of plan participants are made for cases where this number is not reported (6 percent of all participants in the 1985 survey). Each of these values is imputed by randomly selecting a similar plan from another establishment in a similar industry and geographic region. The participation rate from the randomly selected plan is then used to approximate the number of participants for the plan which is missing a participation value but was otherwise usable.

For other forms of missing data (or nonresponse), an adjustment is made using a weight adjustment technique based on sample unit employment. Under such a technique, a model is assumed in which the mean value of the nonrespondents is equal to the mean value of the respondents at some detailed "cell" level. These cells are defined in a manner that groups establishments together which are homogeneous with respect to the characteristics of interest. In most cases, these cells are the same as those used for sample selection. The specific weight adjustments used in this survey were calculated in four stages for each occupational group and benefit area combination. This allowed a maximum amount of data from partially completed establishment reports to be incorporated into survey estimates. For example, data on the number of an occupational group's employees in an establishment or participants in a plan, or information on the existence of a plan, could be used even if the plan provisions could not be obtained.

### Survey estimation methods

The survey design uses an unbiased estimator, the

Horvitz-Thompson, which assigns the inverse of each sample unit's probability of selection as a weight to the unit's data. The estimator is modified to account for a weight adjustment factor developed during the adjustment for nonresponse. The general form of the estimator for a population total is:

$$Y = \sum_{i=1}^n \frac{Y_i}{P_i}$$

where  $n$  = sample size

$Y_i$  = value for the characteristics of the  $i^{\text{th}}$  unit

$P_i$  = the probability of including the  $i^{\text{th}}$  unit in the sample

The basic form of the estimator, after modification to account for the weight adjustment factor,  $f_i$ , developed during the adjustment for nonresponse, was:

$$Y = \sum_{i=1}^{n_1} \frac{f_i Y_i}{P_i}$$

where  $n_1$  = number of responding units

$f_i$  = weight adjustment factor for the  $i^{\text{th}}$  unit.

Appropriate employment or establishment totals are used to calculate the proportion, mean, or percentage which is desired.

### Reliability of estimates

The statistics in this bulletin are estimates derived from a sample of 1,500 establishments, rather than tabulations based on all 43,000 medium and large establishments within scope of the survey. Consequently, the data are subject to sampling errors, as well as nonsampling errors.

Sampling errors are the differences that can arise between results derived from a sample and those computed from observations of all units in the population being studied. When probability techniques are used to select a sample, as in the Employee Benefits Survey, statistical measures called "standard errors" can be calculated to measure possible sampling errors.

This evaluation of survey results involves the formation of confidence intervals that can be interpreted in the following manner: Assume that repeated random samples of the same size are drawn from a given population and an estimate of some value, such as a mean or percentage, is made from each sample. Then, the intervals described by one standard error below each sample's estimate and one standard error above would include the population's value for 68 percent of the samples. Confidence rises to 90 percent if the intervals surrounding the sample estimates are widened to plus and minus 1.6 standard errors, and to 95 percent if the

intervals are increased to plus and minus 2 standard errors.

Chart A provides standard errors for use in evaluating the estimates in the 75 tables of this bulletin containing percentage estimates. For example, table 1 reports that 67 percent of all employees participated in sick leave plans in 1985. Chart A shows a standard error of approximately 1.6 percent for this estimate. Thus, at the 95 percent level, the confidence interval for this estimate is 64 percent to 70 percent (67 plus and minus 2 times 1.6 percent). Standard errors for the four bulletin tables not containing percentages—5, 17, 18, and 56—are not yet available.

Nonsampling errors also affect survey results. They can be attributed to many sources: Inability to obtain information about all establishments in the sample; definitional difficulties; differences in the interpretation of questions; inability or unwillingness of respondents to provide correct information; mistakes in recording or coding the data; and other errors of collection, response, processing, coverage, and estimation for missing data. Through the use of computer edits of the data and professional review of both individual and summarized data, efforts are made to reduce the nonsampling errors in recording, coding, and processing the data.

However, to the extent that the characteristics of non-respondents are not the same as those of respondents, nonsampling errors are introduced in the development of estimates. Because the impact of these limitations on the Employee Benefits Survey estimates is unknown, reliability measurements are incomplete.

For those readers interested in further mathematical details, the next section describes how chart A was derived from 1982 survey data.

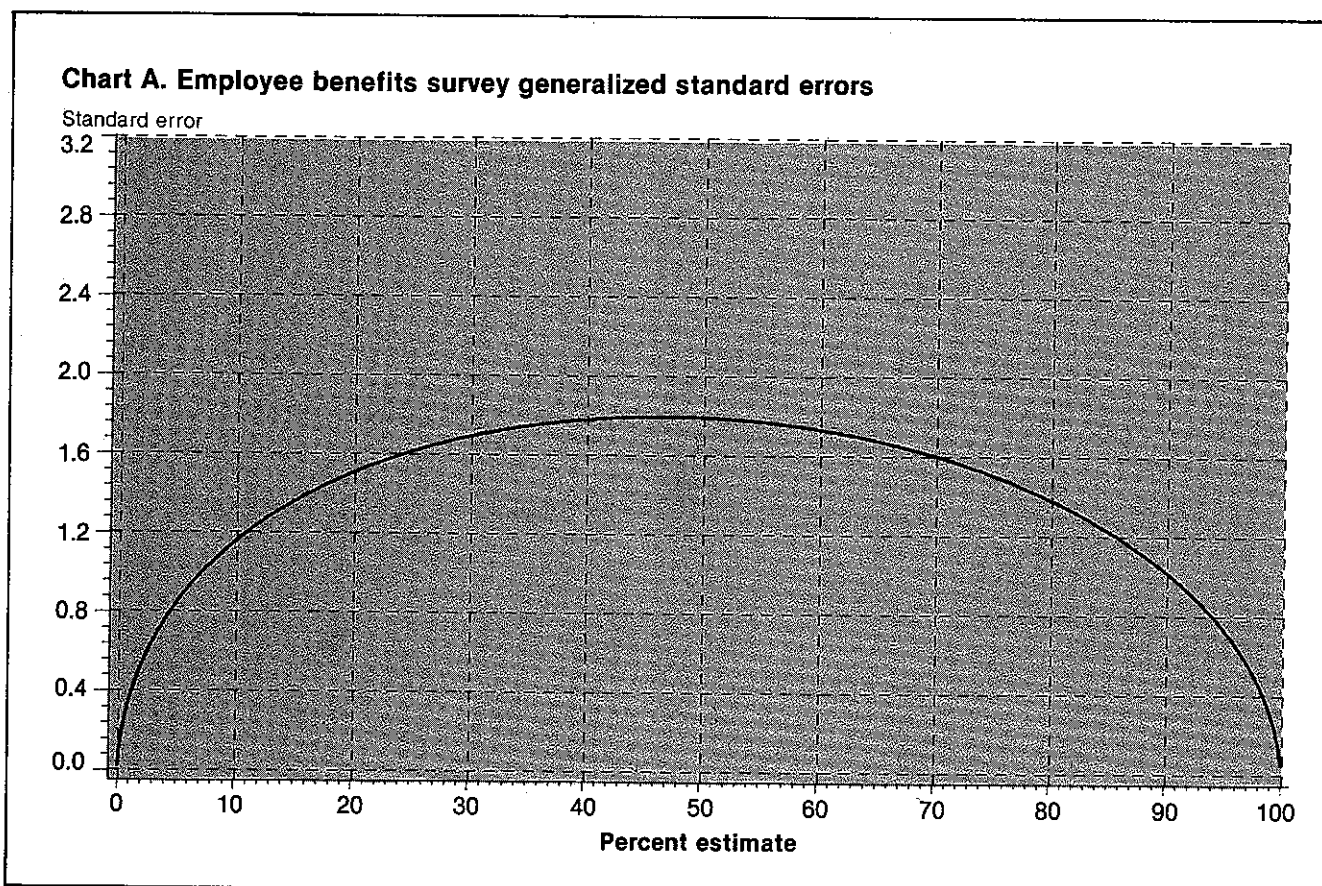
*Mathematical details on estimates and generalized standard errors chart*

Each estimator used in the production of the tables in this bulletin is approximately normally distributed.

Standard errors for the percentage estimates were computed from the 1982 survey data. To simplify their presentation, a curve was fitted to the standard error estimates by regression techniques.

The curve's equation is:

$$S = e^{[a + b \{\ln(P)\}^2 + c \{\ln(100-P)\}^2 + d \ln(P) \ln(100-P)]}$$



where

S = standard error

P = percentage estimate from the bulletin, and e and ln are notations for the exponential and natural logarithm function.

For the 1982 Employee Benefits Survey,  $a = -0.64683$ ,  $b = -0.02603$ ,  $c = -0.017458$  and  $d = 0.123726$ .

These are regression coefficients. The curve fits the data with  $R^2 = 0.85$  and no pattern in the residuals. Moreover, dif-

ferences between curves using 1982 and 1983 data are negligible.

The equation of the curve was obtained empirically, by using regression methods, and starting with the equation:

$$S = a P^b (100 - P)^c$$

More information describing survey response and reliability may be obtained from the Office of Wages and Industrial Relations, Bureau of Labor Statistics, U.S. Department of Labor, Washington, DC 20212.

## Appendix B: Availability of the Survey's Data Base

The tables published in this bulletin present the major findings of the Employee Benefits Survey; results of additional research appear in the *Monthly Labor Review*. However, these cover only a portion of the employee benefits information collected. Persons interested in all provisions of a particular benefit studied during the annual survey can purchase a set of magnetic tapes containing the survey's data base through the Office of Wages and Industrial Relations, Bureau of Labor Statistics, Washington, D. C. 20212. The charge for furnishing the data is limited to the cost of producing the tapes and preparing supporting documentation.

For major benefit items, the BLS survey obtained plan provisions and employee participation data for each of three employee groups (professional-administrative, technical-clerical, and production workers). Information on employer costs was not collected. The magnetic tapes, which consist of a control file and plan data files for each benefit area, may be used to derive national estimates, similar to those published in this bulletin, for other items on the data base. For some data items not presented in this bulletin, however, the datafile is insufficient to produce reliable national estimates, because either information on the provisions frequently was not available or the number of employees with the provision was very small. Moreover, the tapes cannot yield reliable estimates for individual industries, geographic regions, or establishment size classes. Full documentation accompanies the tapes, including examples of estimating formulas. Although Bureau staff will respond to any questions concerning the content of the tapes, technical assistance in developing estimates cannot be provided to purchasers due to the heavy workload associated with the survey program.

Data users can purchase tapes with details of plans for one benefit area or all, i.e., health, life, sickness and accident, and long-term disability insurance; private retirement and capital accumulation plans; and paid time-off provisions—lunch time, rest periods, holidays, personal leave, vacations, funeral leave, jury duty leave, military leave, and sick leave. (Table 79 presents all of the information that was collected on the other benefits surveyed.) The plan data file contains provisions for each plan which was reported and for which usable information was available. However, plan identification numbers on the tape are scrambled (and other identifying information is removed) to protect the confidentiality of responding establishments.

Purchasers also receive the control file, which contains establishment information required to produce estimates from the plan data. Control file records include establishment sample weights and size codes; geographic, industrial, and employee group classification codes; and the number of workers in the employee group. The control file also lists all benefit plans offered in each establishment, with the number of plan participants in each employee group. A plan is listed on more than one control file record if it covers employees in more than one establishment. Although plan identification numbers on the control file are scrambled, the same scrambled numbers appear on the data file so they can be matched to make estimates. Because establishment schedule numbers on the control file are scrambled differently for each employee group, it will not be possible to link together plans offered to different employee groups within an establishment.

Benefit provisions obtained from plan documents are recorded in coding manuals for insurance, retirement, and capital accumulation plans, and are then entered on the plan data file. A set of coding manuals and instructions for completing them are supplied to tape purchasers for interpretation of data on the file. Paid time-off provisions are reported on collection forms which are also provided to tape purchasers.

The analysis of insurance, retirement, and capital accumulation plans is extremely detailed. The following list of health insurance plan provisions included in the data base gives an indication of the breadth and depth of the information available on the magnetic tapes. Other insurance and pension analysis is similarly detailed.

### Health insurance data base

- Plan participation requirements

  - When plan participation begins

  - Waiting period by type of benefit

  - Maximum age for participation

- Employee contribution for employee and family benefits—percent paid or monthly contribution

### Section A

- Funding media for major categories of health care

  - Hospital benefits

  - Surgical benefits

  - Medical benefits

Major medical benefits  
Dental benefits

Administrative details

Pre-existing condition  
Minimum age of dependent children  
Waiting period in case of infant illness  
Maximum age of dependent children  
Retiree eligibility  
Effect of retirement on coverage or contributions  
Disabled employees' benefit coverage  
Survivors' benefit coverage

Section B

Hospital and extended care coverage  
Hospital room and board coverage  
Hospital intensive care  
Hospital miscellaneous coverage  
Extended care coverage  
Extended care in licensed extended care facility  
Basis of extended care coverage  
Extended care by home health care

Surgical and medical benefits

Surgical care coverage  
Surgical schedule  
Conversion factor for relative value schedule  
Selected surgical procedure maximums  
Maximum for multiple procedure  
In-hospital medical coverage  
Medical office coverage

Maternity care benefit

Who is covered  
Obstetrical schedule  
Voluntary abortion coverage  
Miscarriages or therapeutic abortion coverage  
Maximum for male sterilization  
Maximum for female sterilization  
Separate deductibles

Diagnostic X-ray and laboratory testing (DXL)  
benefit

DXL coverage  
Limitations on DXL coverage  
DXL schedule  
Selected DXL procedure maximums

Outpatient care and special accident benefit

Outpatient care coverage  
Comparison of inpatient and outpatient coverage  
Separate limitations  
Outpatient charges covered under major medical  
Accidental bodily injury—special benefit

Prescription drug and private duty nursing coverage

Prescription drug  
Private duty nursing

Mental health care benefits

Mental health care coverage  
Hospital confinements due to mental disorders  
Hospital confinements due to mental disorders  
covered the same as other illnesses  
Selected coverages for mental health care  
Coverage in special hospital

Dental care benefits

Dental care coverage  
Coverage of employees  
Coverage of spouses  
Coverage of dependent children  
Prophylaxis and routine exams  
Fillings  
Surgery—dental  
Inlays  
Crowns  
Periodontal care  
X-rays  
Orthodontia  
Incentive schedule  
Deductible  
Maximum coverage  
Copayment

Vision care benefits

Vision care coverage  
Eyeglasses  
Schedule for eyeglasses  
Eye exams  
Contact lenses  
Orthoptics

Other medical benefits

Second surgical opinion  
Alcoholism treatment  
Drug abuse treatment  
Hearing care  
Hospice care  
Physical examinations

Cost containment features

Section C

Deductible, coinsurance, and/or maximum benefit  
provisions

Covered expenses  
Deductible expenses  
Coinsurance by the amount of incurred expenses  
Coinsurance by the number of days/visits  
Maximum dollar per day/visit by number of  
days/visits  
Maximum number of days/visits for specified ex-  
penses  
Maximum dollar payable for specified covered ex-  
penses

Section C questions are designed to identify and describe the benefit provisions of covered expenses in section B that are subject to deductible, coinsurance, and/or maximum benefit provisions. This section consists of 15 sets of 7 questions. One set of questions is completed for each covered expense, or group of covered expenses, with identical deductible, coin-

surance, and maximum benefit provisions. In the first question of each set, a group of expenses with common provisions is identified. The remaining 6 questions give the benefit provisions for the group. Additional sets of questions are completed until the benefit provisions of all covered expenses have been described.