

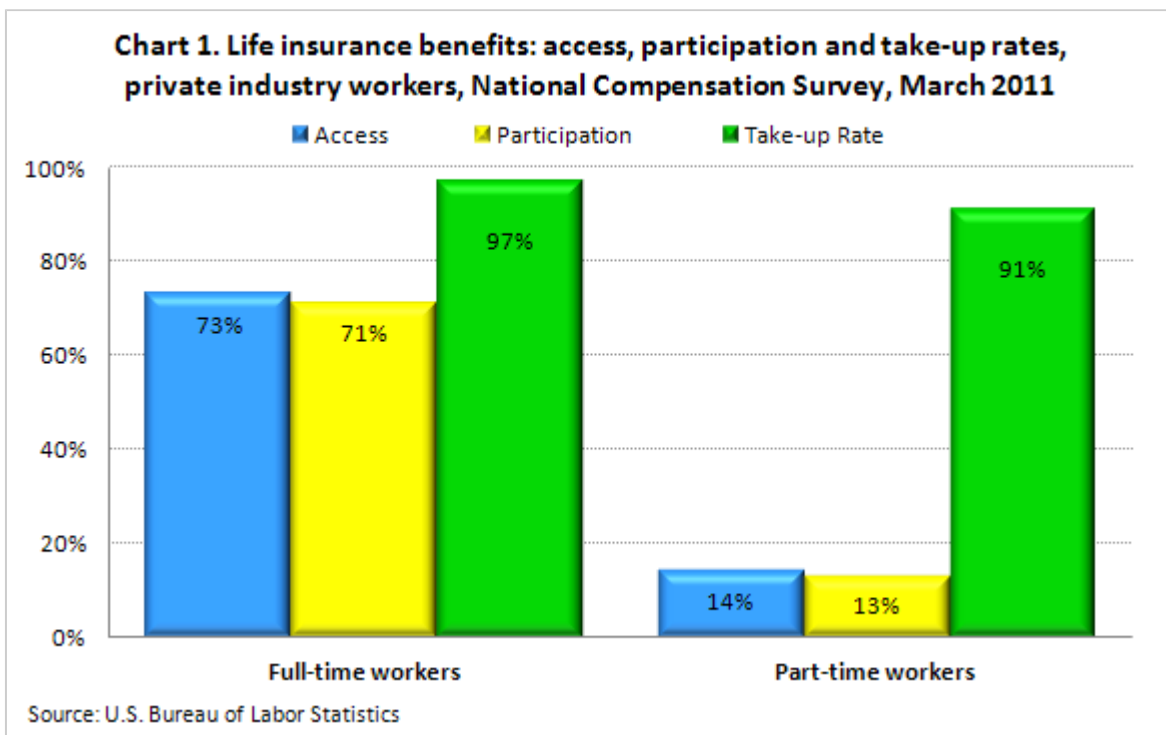
# Life Insurance Benefits: Variations Based on Workers' Earnings and Work Schedules

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According to data from the [National Compensation Survey](#), nearly two-thirds of private industry workers were offered life insurance benefits by their employers in March 2011; of these, 97 percent chose to enroll in this benefit. This high “take-up” rate reflects that only 5 percent of private industry employees in basic life insurance plans were required to pay part of the cost of coverage. Life insurance plans were much more likely to be offered to full-time workers than to part-time workers, as well as to workers in higher earnings brackets, compared with those in lower brackets. These differences in access result in differences in the participation rates reported by work schedule and earnings level.

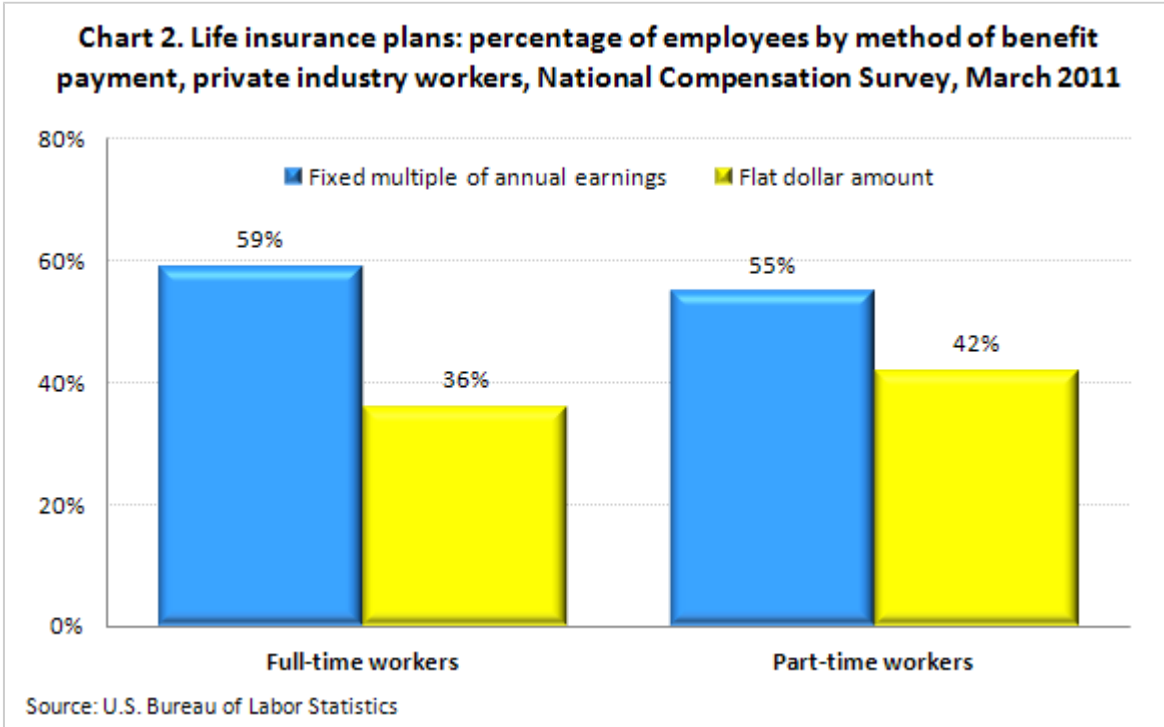
Chart 1 shows that the difference in the rates of access and participation among full-time and part-time workers is substantial: 73 percent of full-time workers had access to life insurance benefits plans through their employers, and 71 percent participated in such plans. By contrast, only 14 percent of part-time workers had access to life insurance benefits, and 13 percent participated.



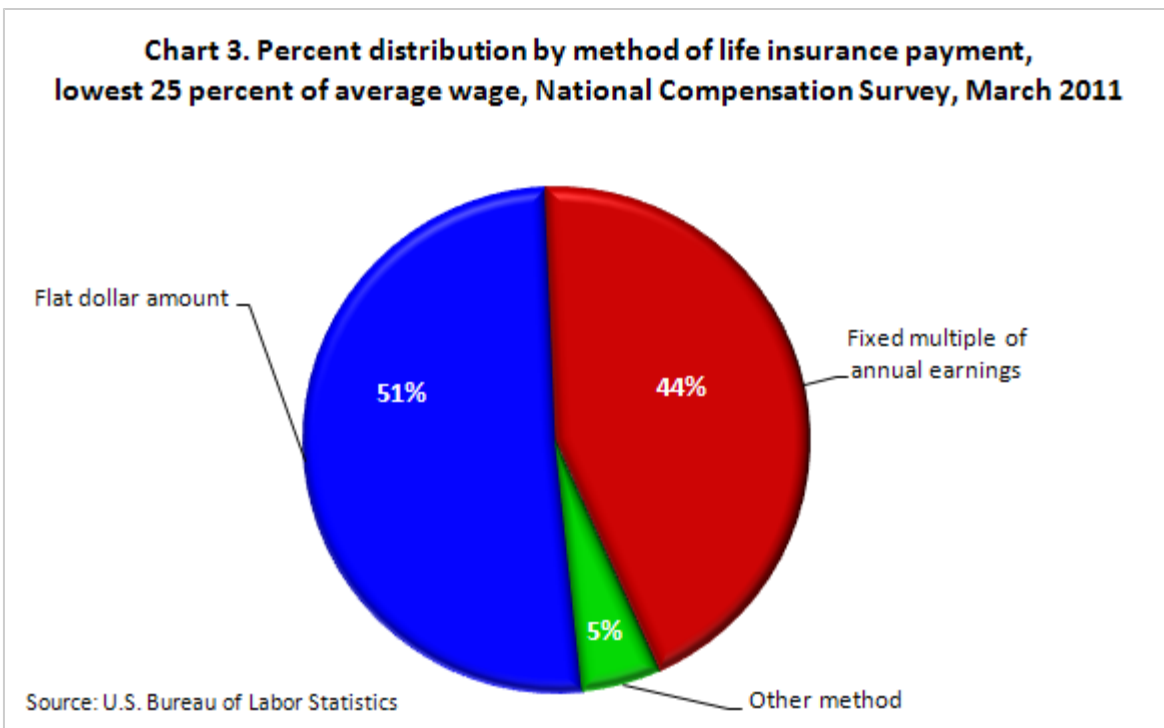
When participation rates of workers in the lowest and the highest quartiles of earnings are compared, the difference is also significant, with 22-percent and 80-percent participation rates, respectively, in the two categories. The workers earnings also affect the requirement to contribute to the cost of coverage for life insurance. While only 4 percent of high-wage earners were required to contribute for life insurance coverage, 10 percent of the lowest wage earners were in contributory plans.

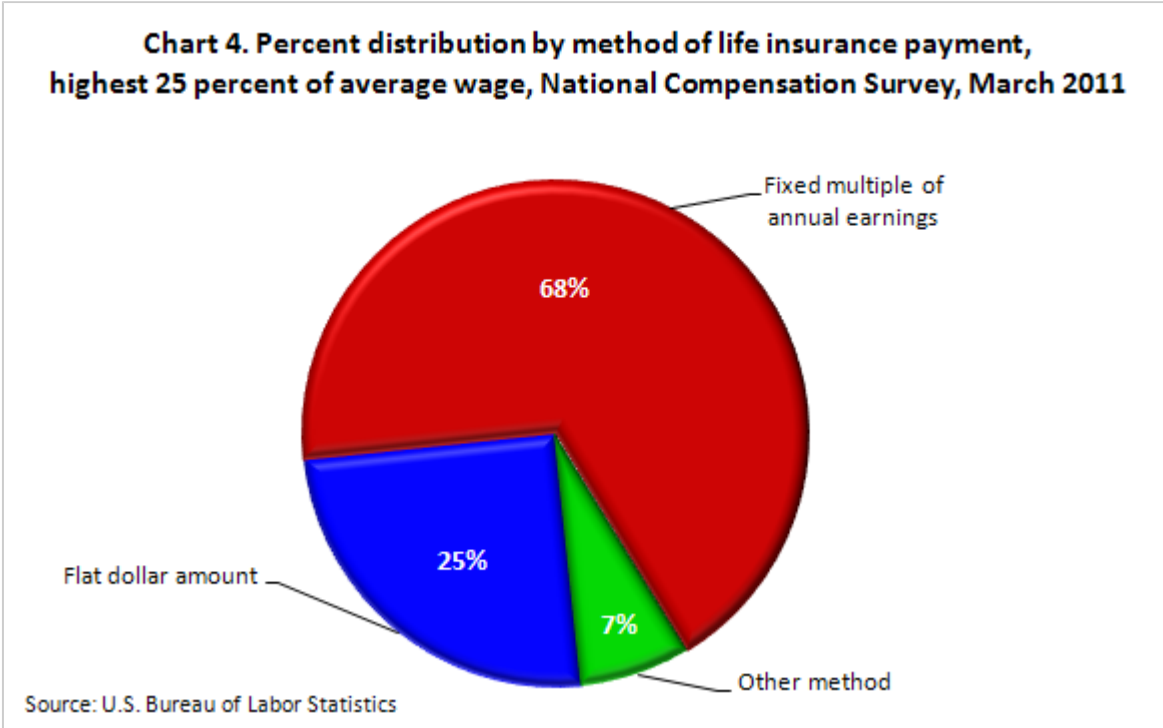
In 2011, 95 percent of private industry employees with basic life insurance coverage were in plans that used one of two methods of benefit payments: *flat dollar amount* formulas and *fixed multiple of annual earnings* formulas. Other methods of payment exist, but they are uncommon; combined, they accounted for about 5 percent of the employees participating in a life insurance plan. As shown in chart 2, among full-time workers, 59 percent were in life insurance plans that used a fixed

multiple of workers annual earnings and 36 percent were in plans in which a flat dollar amount was paid. For part-time workers, the comparable figures were 55 percent and 42 percent, respectively.



The method of benefit payment in life insurance varies considerably by employees earnings. While 51 percent of workers in the lowest 25-percent earnings category were in plans with a flat dollar amount formula, only 25 percent of workers in the highest 25-percent category were in such plans. (See charts 3 and 4.) Approximately two-thirds of the highest paid workers were in plans with a fixed multiple of earnings formula.





In addition to the differences in the type of life insurance, the value of the plans varied substantially by workers earnings and work schedules. For full-time workers participating in plans with flat dollar amount formulas, the median payment was \$15,000, compared with \$10,000 for part-time workers. Workers in the lowest 25-percent earnings category were in plans with a median payment of \$15,000, while workers in the highest 25-percent were in plans with a \$25,000 median payment.

While not as pronounced, the multiple of annual earnings amounts were also higher for full-time workers than for part-time workers. For example, 27 percent of full-time workers were in plans that used a factor of at least 2 applied to their amount of annual earnings, compared with 22 percent of part-time workers. Among workers in the highest 25-percent earnings category, 30 percent received at least double their annual earnings. (Data on the percentage of lower paid workers are not available because they do not meet BLS publication criteria.)

These data are from March 2011 [National Compensation Survey](#). For more information, see Employee Benefits in the United States — March 2011 ([TXT](#)) ([PDF](#)), news release USDL-11-1112.

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**Chart 1. Life insurance benefits: access, participation, and take-up rates, private industry workers, National Compensation Survey, March 2011**

	Access	Participation	Take-up Rate
Full-time workers	73%	71%	97%
Part-time workers	14%	13%	91%

**Chart 2. Life insurance plans: percentage by method of benefit payment, private industry workers, National Compensation Survey, March 2011**

	Fixed multiple of annual earnings	Flat dollar amount
Full-time workers	59%	36%
Part-time workers	55%	42%

**Chart 3. Percent distribution by method of life insurance payment, lowest 25 percent of average wage, National Compensation Survey, March 2011**

Method of payment	Percent
Flat dollar amount	51
Fixed multiple of annual earnings	44
Other method	5

**Chart 4. Percent distribution by method of life insurance payment, highest 25 percent of average wage, National Compensation Survey, March 2011**

Method of payment	Percent
Flat dollar amount	25
Fixed multiple of annual earnings	68
Other method	7