

**Developments in Compensation Packages—Wages, Time-off, and Reimbursement Accounts; Health Care and Life Insurance Benefits; and Retirement and Savings Plans**

Over the 20th century, the composition of employee compensation packages has changed from wages only to a wide range of time-off, insurance, retirement benefits, and more, in addition to wages. The availability of voluntarily provided benefits (such as life insurance and pension plans) and legally required benefits (such as Social Security benefits) essentially began as either isolated benefits in the 1920s—or social tinkering in the 1930s—and began to escalate in the late 1940s, when health and welfare benefits became more common. As an illustration, employer costs for employee benefits as a percent of compensation increased from 3 percent in 1929 to 17 percent in 1955 and 27 percent in 1999.

	1900	1925	1950	1975	2000
<b><i>Wages, time-off and reimbursement accounts</i></b>	Wages	Wages	Wages	Wages and annual bonuses	Wages, and supplements that tie pay to performance
		Paid holidays	Paid holidays and vacation	Paid holidays, vacations, and personal leave	Consolidated leave plan giving employee choice of days off
					Unpaid family leave
					Reimbursement account for child care expenses
<b><i>Health care and life insurance benefits</i></b>		Company doctor	Basic medical plan through Blue Cross-Blue Shield	Basic medical plan plus major medical through commercial insurer	Choice of medical plans including Health Maintenance Organizations (HMOs)
				Dental plan	Choice of dental, vision, and prescription drug plans
				Medicare	Medicare and retiree health insurance
		Benevolent association death and disability benefits	Fixed amount life insurance and weekly disability benefit	Life insurance varying with earnings; paid sick leave	Choice of life insurance amounts; paid sick leave
<b><i>Retirement and savings plans</i></b>			Social Security benefits available at age 65	Social Security benefits available at age 65, with reduced benefits at age 62	Social Security full benefits available at age 67, with reduced benefits at age 62, for workers born in 1960 or later
				Defined benefit pension	Combination of pensions and 401(K) savings plans